FINANCIAL TIMES
No. 27,010 Friday July 2 1976 ***10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.22; DENMARK Kr.3; FRANCE Fr.2.50; GERMANY DM1.70; ITALY L.400; NETHERLANDS Fl.1.75; NORWAY Kr.3; PORTUGAL Esc.17.50; SPAIN Ptas.35; SWEDEN Kr.2.75; SWITZERLAND Fr.1.70.

NEWS SUMMARY

GENERAL

Bitter fight for Lebanon camp

As Lebanon's warring factions ignored yesterday's Arab League call for a ceasefire, the bitter struggle for the Palestinian refugee camp of Tel al Zaatar on the outskirts of Beirut continued.

Meanwhile, 1,500 Saudi and Sudanese troops, who had been standing by in Syria, arrived in Beirut by road and went to the airport to join Libyan and Syrian contingents of the Arab League peace-keeping force.

Palestinians alleged extreme brutality by right-wing fighters after the fall of Jisr al Pasha. Their news agency claimed that scores of women and children had been killed and that the wounded had been bayonetted in hospital. Back Page. Death of a city, Page 4

Neilson guilty of Whittle murder

Donald Neilson, 39, was found guilty at Oxford Crown Court yesterday of murdering the 17-year-old Shropshire heiress Lesley Whittle. The jury of ten men and two women took 1 hour 55 minutes to reach its unanimous verdict. Mr. Justice Mars Jones postponed sentence pending "certain outstanding matters which I must deal with first." He recommended that the jury should be excused further jury service for ten years.

Many more seek a policeman's lot

A record 4,328 people applied to join the Metropolitan Police in the first six months of the year and the number of coloured officers rose from 42 to 51. Police strength rose by 479 to a highest ever 21,889, but the force is still 4,729 short of its authorised strength.

Emergency in in Peru

Peru military Government declared a state of emergency yesterday i nthe face ow disturbances and shop closures in protest against economic austerity measures. Police were reported to have broken up a demonstration by about 600 people in the centre of Lima. Banks closed for fear of violence.

U.S. pulls out of Davis Cup

The U.S. yesterday withdrew from the Davis Cup organisation, finding it "intolerable to mix politics with tennis"—a reference to nations which refused to meet South Africa. Britain and France have withdrawn from next year's competition in sympathy. At Wimbledon, Bjorn Borg beat Roscoe Tanner 6—4, 9—8, 6—4. He is to meet Ilie Nastase in the men's singles final. Page 2

Race yacht found empty

Galloping Gael, the 38-foot yacht in which Canadian Mike Flanagan entered the Jester class of the Observer single-handed transatlantic race, was found on Wednesday drifting about 600 miles east of St. John's, Newfoundland, with nobody aboard. After being taken in tow the yacht broke away and sank.

Briefly . . .

Damage to property in Northern Ireland between 1969 and last May cost more than £154m. in compensation, Mr. Don Concannon, Ulster Minister of State told the Commons.

Italian art dealer Mr. Armando Neerman returned from Milan to his temporary Chelsea home to find that thieves had made off with £150,000 worth of pictures.

Chelmsford, Essex, a 93-year-old bachelor who walked the streets in tramp's shabby clothing and wore a polythene bag as a hat, has left £628,000.

BUSINESS

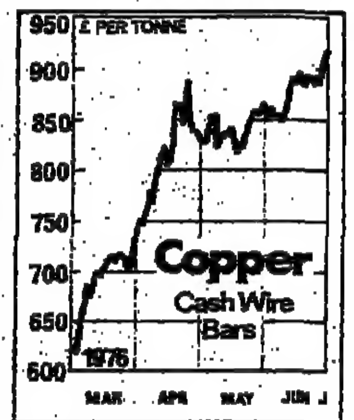
Rise in £ boosts equities and gilts

● STERLING closed at $1.7890, a gain of 40 points, after touching $1.7935 on strong buying interest. Its trade-weighted depreciation narrowed to 38.5 (38.8) per cent.; dollar's widened to 2.10 (2.04) per cent. Back Page

● GILTS advanced with the improvement in sterling. Trading was active and there was good demand for the short and long tap stocks. Widespread gains ranged to ½. The Government Securities index rose 0.19 to 63.06, making a gain of 0.41 so far this week.

● EQUITIES slipped at first, but sterling's showing helped a modest revival. The FT 30-Share Index closed at 386.5, up 2.7.

● COPPER prices rose on the London Metal Exchange after an increase in U.S. producer



prices. Cash wire bars rose £9 to £916.5 a tonne. Page 29

● GOLD fell 75 cents to $123.125.

● WALL STREET was down 5.65 at 997.13 near the close.

● U.S. TREASURY Secretary Mr. William Simon approved New York City's urgent requests for an immediate $500m. (£280m.) loan, enabling it to meet payroll costs and debt redemption falling due. Page 5

MPs oppose gas price rise

● NATURAL GAS price should be kept down, according to an all-party Commons committee. It rejected proposals now being considered by the Government to bring the gas price more into line with coal and electricity prices. Page 8, Back Page, Editorial comment Page 16

● BRITISH GAS will spend £61m. on extending its high pressure pipelines to carry natural gas from the North Sea. Page 8

● HEADQUARTERS of the British National Oil Corporation will move from London to Glasgow in November. Page 8

● BATTLE has broken out over the scheme to de-nationalise Kearney and Trecker Marwin. W. E. Norton is opposed to the terms of the scheme, under which control would go to Vickers. Back Page

● LIFE OFFICES have reached agreement on a new premium-related scale of commissions, to start on October 1. Page 8

COMPANIES

● WILLIAM LEECH (Builders) attracted applications for only 42½ per cent. of its offer for sale on the stock market. Back Page

● BRITISH SUGAR Corporation expects profits to rise from £7.65m. to about £12m. in the year ending next September. Page 19 and Lex

● LADBROKE Group has made an agreed £0.6m. bid for Perry Bar Stadium, Birmingham. Page 19

Police to inquire into leak of Cabinet papers

BY PHILIP RAWSTORNE

The leak of secret Cabinet papers on the child benefit scheme is to be investigated by the police, Mr. James Callaghan announced in the Commons yesterday.

He told MPs that the two-week inquiry by Sir Douglas Allen, head of the Home Civil Service, had failed to uncover the source of disclosures.

But it was clear that someone with access to Cabinet papers had made extensive notes from them which had been passed to the magazine New Society.

Neither the author of the New Society article, Mr. Frank Field, nor members of the magazine's staff would be prosecuted under the Official Secrets Act, Mr. Callaghan added.

The police would investigate "one or two matters which could not wholly be explained" in a further attempt to discover the source.

Review

At the same time, Mr. Callaghan told MPs that a committee of three Privy Counsellors—former Labour Cabinet Ministers Lord Houghton and Mr. William Ross and Mr. Joseph Godber, a former Tory Minister—would review procedures for handling secret documents within the Government.

Mr. Callaghan said the Government hoped to bring forward proposals soon for reforming the Official Secrets Act to limit its coverage but make it more effective. "I have been against any reform of it, but I think I might have to desert that position," he added.

Sir Douglas Allen's inquiry had revealed that the strict rules for handling Cabinet papers had not been fully observed. Thirty-four copies of a record of the Cabinet's discussion on May 6 had been circulated on a restricted basis to Government departments, he said.

Three departments had broken rules by making further copies and in other departments the rule that the document should be read only on a strict "need-to-know" basis in the Minister's private office had not been observed.

Mr. Callaghan told MPs that there was not conclusive evidence that these failures had been responsible for the leakage. "Strict procedures were not observed for what were thought to be good administrative reasons," he said.

The documents had not been shown to "any improper person." But the lapse had made the task of identifying the sources of the disclosure more difficult.

The Prime Minister, whose new moves were welcomed by Mrs. Margaret Thatcher, Conservative leader, told the Commons: "Leaks have taken place for many years. They are part of the enduring relationship between Government and Press. . . . But this was an abuse of a different order of gravity from other stories concerning relatively innocuous documents because it involved papers of the Cabinet itself."

Relief

Mr. Frank Field, director of Child Poverty Action Group, said last night that it was a personal relief to learn that he was not to be prosecuted.

The Prime Minister had shown himself to be a man of considerable political skill, he said. "I would hope he would be able to follow that by the introduction of the child benefit scheme in April next year and by the reform of the Official Secrets Act."

Editorial comment Page 16

Law soon to protect water supplies

By Peter Hennessy, Lobby Correspondent

THE GOVERNMENT is to introduce legislation to ensure that water suplies to householders and essential industries are not jeopardised by inessential users in periods of exceptional drought.

Mr. John Silkin, Minister for Planning and Local Government, in a Commons statement to-day will announce the Government's intention to introduce, by the end of this session of Parliament, a short, five-clause Bill to stiffen its reserve powers on water conservation. He will emphasise that it is not an emergency measure but an exercise in contingency planning to avoid dislocation should the cycle of unusually low rainfall become even more protracted.

The Government are aware that their powers under existing legislation are inadequate to curb inessential but heavy consumers of water such as automatic car washing firms, the water cleaning of buildings or sprinklers for golf course and gardens.

The Government is liable in the courts for loss of earnings or damage to equipment if water supplies are peremptorily cut off.

Regional

The shortage will be handled on a regional basis. Should it become necessary, water Boards will suspend domestic supplies and householders will be required to collect their water from stand pipes erected in the street. Essential industries will also be given priority.

Under the Water Acts of 1945 and 1958 the Government can curb car washing and garden sprinkling in times of drought.

But more severe restrictions are not possible short of domestic supplies being cut off and replaced by stand-pipe supplies.

The essential aim of the Government is to tidy up and strengthen existing provisions to permit a more selective apparatus of controls.

Whitehall's defence for not acting sooner is that rainfall has been abnormally and consistently low since 1974 creating an entirely new set of circumstances. The Dept. of the Environment were at pains to emphasise yesterday that there was nothing in the nature of emergency powers about the proposed Bill. "It is being done on a very, very contingent basis," commented one official.

Drought hits farms Page 29

Israel acts to save 100 hostages

BY OUR FOREIGN STAFF

PRO-PALESTINIAN guerillas yesterday freed half the 200 hostages on board the hijacked Air France airbus at Entebbe Airport in Uganda, minutes before the deadline set for their killing. This was after the Israeli Government agreed to negotiate for the release of hostages for the first time in seven years.

But the hijackers kept all the Israeli and Jewish hostages, as well as the crew, and threatened to kill them if their demands were not met by 11 a.m. on Sunday. They are calling for the release of 53 prisoners, all Palestinians or pro-Palestinians, held in the jails of Israel, West Germany, France, Switzerland and Kenya.

Freedom for some 100 of the passengers came just minutes before the mid-day deadline when the guerillas had threatened to blow up the aircraft, which they seized over Greece last Sunday.

Resistance

In a communiqué broadcast by Uganda Radio, the hijackers, who have still not been named but claim to be members of the Popular Front for the Liberation of Palestine, demanded that Israel meet their demands or "we will deal with the remaining hostages accordingly, and it will be Israel which will be held responsible."

The Israeli Government decision to bargain for the hostages lives after its previous total resistance to Palestinian terrorist demands, was announced in Paris.

Some members of Prime Minister Yitzhak Rabin's 20-member cabinet, which met in special session, apparently voted against granting any concessions, and Israeli officials emphasised that by acceding to the bargaining through French mediators, they had not automatically conceded the release of all 39 prisoners held in the country.

The hijackers' decision to extend their deadline gave Mr. Rabin's Government an added measure of latitude in the negotiations. Now the Government will presumably try to hold out against the release of the convicted killers named in the list of prisoners.

These include Kozo Okamoto, the sole surviving member of the Japanese Red Army death squad, responsible for the death of 24 people in the Lod Airport massacre in 1972. Another life term prisoner, Fatma Barnawi, planted the El Fatah bomb which caused several fatalities in a crowded Jerusalem cinema in 1968.

Nevertheless, the Government's retreat constituted a significant departure from what had come to be considered an absolute rule in dealing with international terrorism: that the Israelis never give in.

Two major considerations apparently led to to-day's turn-about.

One is Israel's poor tactical position in Uganda, where there are no direct contacts between Jerusalem and President Idi Amin, the most fanatically pro Palestinian ruler in black Africa. President Amin's declaration that the Israelis should heed the hijackers' demands put paid to any faint hopes that his lingering fondness for the Israeli Army (which once trained his own) might have led to some kind of joint commando rescue operation.

Particularly disconcerting to the Israeli Government were reports from some of the hostages allowed to reach Paris last night that the Ugandan authorities themselves had removed the Israeli passengers to a separate room in the old barracks building in which they are held at Entebbe.

The second deciding factor was the overwhelming Israeli popular sentiment in favour

The frustration of the hostages' relatives welled into an angry demonstration outside the Defence Ministry where the Cabinet was deliberating. About 60 people broke past guards who the air to stop the protestors from storming the entrance.

Scorn

While consenting to the start of negotiations, Israeli officials were fully aware of the political implications, particularly as they involve France and the other western European Governments whose past concessions to terrorists have drawn Israeli scorn. Officials realise that the precedent will inevitably be used by other governments in future confrontations abroad with pro-Palestinian terrorists when the Israelis might insist that the authorities refuse to negotiate.

In Paris, the Israeli ambassador, Mr. Mordechai Gazit, told M. Jean Sauvagnargues, the French Foreign Minister, of his Government's decision, and the French ambassador in Kampala was instructed to notify President Amin. Diplomatic sources said hte news was given to the hijackers by the Somali ambassador Hashi Abdullah Farah, the appointed mediator.

The hostages cheered and laughed when they heard they were being released.

Uganda Radio said President Amin had directed the whole operation because it involved a risk to life.

BP agrees to North Sea participation deal

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH PETROLEUM and the State-owned British National Oil Corporation are likely to form close commercial ties as a result of a North Sea participation agreement now being concluded.

The outline scheme for BNOC's participation in BP's commercial finds, announced yesterday, provides for an exchange of oil between the undertakings. The Corporation will have a non-voting presence at BP's main refining and marketing meetings.

In addition, BP Oil, the U.K. subsidiary, will provide training facilities for BNOC staff.

Mr. Anthony Wedgwood-Benn, Energy Secretary, said last night: "These understandings make a significant contribution to the establishment of BNOC as a major force in the U.K. oil operations and afford a basis for co-operation between BNOC and BP to their mutual advantage."

Lord Kearton, chairman of the Corporation, said it did not intend to undertake independent refining and marketing operations before 1980, while maintaining the right to enter joint commercial operations in refining and marketing. The agreement thrashed out by BP, BNOC and the Government this week opened the door for the two oil undertakings to "establish a long-term basis of collaboration."

Although BP lost its fight to sell participation crude to BNOC at a premium price, it says that the deal that has emerged in principle leaves the company no worse off financially.

Mr. David Steel, BP chairman, commented that the arrangement was "commercially satisfactory." He added: "We shall continue with our commercial independence. We recognise that BNOC is established. It is in BP's interest to see that BNOC is successful. It will be to our advantage to work with the Corporation."

Mr. Wedgwood Been hailed the agrement in principle as a landmark in the Government's North Sea strategy. It paved the way for "similar" agreements with other companies, he said.

To-day the Minister is meeting Shell and Esso in an attempt to expedite a participation agreement covering their North Sea assets. He said that the BP agreement would not be used as a model. "Each arrangement is different."

BP was anxious that it would lose security of oil supplies to its large refining, marketing and chemical activities. As a result it sought a premium price in compensation.

The deal now being concluded involves a different compromise which leaves the oil company with jurisdiction over a large part of its crude.

From January 1, BNOC will have an option to take up to 51 per cent. of the oil BP produces from the Forties Field, Ninian Field and other wells. For the first two years, however, BNOC will sell back all the oil at the same commercial price. Apart perhaps from a handling charge, the only benefit BNOC will obtain from the book-keeping arrangement will be an insight into North Sea operations.

During these early years BNOC will probably play a passive role in BP's refining and marketing operations. "We see it as an education process," said Lord Kearton.

In the following three years—1979, 1980 and 1981—BNOC will sell to BP affiliates a proportion of the North Sea participation crude, subject to the supply by BP to he Corporation of oil to the same value from other sources.

At the moment BNOC seems destined to secure about 60 per cent. of North Sea output in the 1980s, either through direct stake in fields, royalty arrangements, or participation deals. Nearly all of this crude will be fairly light.

It is estimated that BP will produce 59m. tons of North Sea oil between 1979 and 1981. Through these special arrangements with BNOC it will have the equivalent of 44.8m. ons of North Sea crude (not necessarily all of it from its own fields) for use within BP.

Arrangements beyond 1981 have still to be negotiated. BP said last night that it had received an assurance from the Government, which holds a 48 per cent. stake in the company, that the proposed arrangements were "wholly compatible" with the underlying principles of the traditional relationship between the two.

North Sea Oil Review Page 20

Crisis as Spain's Premier quits

BY ROGER MATTHEWS MADRID, July 1.

SPAIN WAS tonight plunged into its first major political crisis since the death of General Franco in November, when King Juan Carlos accepted the resignation of Prime Minister Carlos Arias Navarro.

Senor Arias resigned shortly after mid-day. The Cabinet was called into emergency session this evening to be informed of the decision. All Ministers are now obliged to give up their posts to allow a new Premier free rein.

The resignation comes at a critical moment, with the Government's cautious plans for constitutional reform, designed to introduce a degree of democracy, less than half completed. The next two months were expected to be vital to the progress of the constitutional package.

Sr. Arias, a compromise choice for the inexperienced king during his first days after being sworn in as Head of State, has been under almost constant attack from both reformists in the regime and the Left-wing opposition parties. His relations with Juan Carlos, although cordial on the surface, are known to have deteriorated sharply.

The young monarch had told friends that he believed the 67-year-old Prime Minister's lack of democratic conviction was a handicap while the rifts between reformers and ultra-conservatives in the Cabinet had become more difficult to disguise in the past three months.

It is too early to tell what effect the resignation will have on the reform programme, but it seems certain to result in an important number of ministerial changes.

Among the obvious candidates to succeed Sr. Arias are the Interior Minister, Sr. Manuel Fraga Iribarne, and the Foreign Minister, Sr. Jose-Maria de Areilza, a liberal monarchist who is a confidant of the king.

The Council of the Realm, a highly conservative 17-man body, has the constitutional task of forwarding t the king the names of the three candidates it believes best suited to be Prime Minister. It has ten days to present its list and by coincidence was meeting this evening. From that list the king chooses one name, or he could ask the council to reconsider its list.

A strong body of opinion on the council is believed to be opposed to Sr. Areilza and it would be a test of the king's determination should he wish to promote his Foreign Minister. Perhaps significantly Sr. Fernando Maria Castiella, a former Foreign Minister, has twice been to see the king recently.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 3½pc 79-81	£88¾	+ ½
Exchequer 13½pc 1996	£95	+ ½
Alexanders Discount	290	+ 10
Allen Harvey & Ross	375	+ 15
Allied Colloids	130	+ 8
Assd. P. Cement	161	+ 6
Bank of Scotland	283	+ 5
Beyer Peacock	22	− 3
British Sugar	285	+ 10
Carlton Inds	61½	+ 3½
Commercial Union	118	+ 5
Courts Furn. "A"	86	+ 4
Downing (G. H.)	120	+ 8
Gen. Eng. (Radcliffe)	27	+ 4½
Glynwed	105	+ 4
Land Inv.	84	+ 4
Land Sec.	155	+ 5
Lloyds Bank	225	+ 5
[illegible]	84	+ 6
Nat. Westminster	225	+ 5
Phoenix Assur.	206	+ 8
Reckitt and Colman	345	+ 9
Simon Eng.	120	+ 5
Smith (W. H.) "A"	352	+ 12
Sunley (B.)	98	+ 3
Thorn Elect.	228	+ 10
Tunnel "B"	156	+ 8
Wedgwood	217	+ 9
Berry Wiggins	43	+ 4½
BP	610	+ 5
Shell Transport	436	+ 4
Ayer Hitam	255	+ 7
Charter Cons.	156	+ 7
Geevor	240	+ 15
Ocean Resources	47	+ 4
Utah Mining	390	+ 20
Western Mining	191	+ 8

FALLS

Weeks Nat. Res.	75	− 13
Deelkraal	130	− 10
Free State Geduld	£11¾	− ¾

FEATURES

Half-term report on the Bullock inquiry	16
The Communist summit	17
Anatomy of planning agreement	15
North Sea oil	20
W. German Cartel office	4
A Premier's confidence	6
U.S. bussing controversy	5

FT SURVEY

Medium and long term finance	23-26

ON OTHER PAGES

Appointments	20	Leading Articles	16	To-day's Events	17
Appointments Advts	8	Letters	17	TV and Radio	2
Arts	3	Lex	34	Wall St. & Overseas	22
Bank Return	8	Management	15	Weather	34
Businesses for Sale	14	Men and Matters	16	World Trade News	4
Company News	18-20	Mining News	19		
Crossword	2	Money Market	30	ANNUAL STATEMENTS	
Entertainment Guide	4 & 3	Overseas News	4-6	Arbuthnot Latham	18
Farming and Raw Materials	29	Parliament	10	Bremner & Co.	31
Food Prices	31	Property	12-14	Imetal	3
Foreign Exchanges	22	Racing	2	Montmore Manfg.	19
FT-Actuaries Indices	38	Saleroom	2		
Home News	7 & 8	Share Information	32 & 33		
Intl. Company News	21	Sport	2	Base Lending Rates	30
Labour News	10	Stock Exch. Report	30	World Value of $	
		The Technical Page	9	Bank of America	29

For latest Share Index 'phone 01-246 8026

TENNIS: WIMBLEDON BY JOHN BARRETT

Nastase turns on the artistry

ILIE NASTASE set light to Wimbledon with a breathtaking show of artistry and power yesterday, defeating the Mexican Raul Ramirez 6—2, 9—7, 6—3 in 112 minutes in their semi-final on a super-fast Centre Court. In tomorrow's final he plays the Swede Bjorn Borg, who beat Roscoe Tanner (U.S.) 6—4, 9—8, 6—4.

Nastase, the No. 3 seed and the beaten finalist in 1972, threw in everything — superb stroke-making, a dash of clowning, and the passing threat of one of his notorious tantrums when he flicked his towel at a photographer after complaining about the Pressmen upsetting his concentration.

Nastase's skill also seemed to lift Ramirez, who made many fine contributions to a memorable match.

There was little hint of the drama and excitement to come when Nastase captured the first set in 19 minutes. But in the third game of the second set, when the Rumanian double-faulted to drop his service and fall 1—2 behind, he strode to the court-side and berated the photographers for making too much noise.

At the next change of ends, with Ramirez now 3—1 ahead, Nastase aimed a shot towards the photographers' seats, but checked at the last second.

After another game, which Nastase won, the umpire wrongly announced that Nastase was 3—2 ahead, then climbed down from his chair to talk to the cameramen. As the official returned to his seat, Nastase swung his towel at one of the photographers.

For the rest of the match, whenever he lost an important point, Nastase would gesture towards the photographers, muttering and waving his racket. Far from being upset by the incident, as has happened so often in the past, Nastase turned on some marvellous tennis to break Ramirez in a fascinating drawn-out game which went to deuce seven times and in which Ramirex saved four break points before crumbling.

Ramirez, who won the Italian championship last year after Nastase had walked off court in their semi-final, was subjected to some "psyching" by the Rumanian as he fought to stay in the match. Several times Nastase turned away or pretended not to be ready as the Mexican was about to serve.

There was a setback at 4—4 when Nastase saved three break points, the first with a forehand passing shot, the second when he fell over but got up in time to produce a winning smash, and the third with a crisp volley.

In trouble

Ramirez was in deep trouble himself in the 12th game, saving four set points after being 0—40 down on his own service.

Every time Nastase stepped up the pace Ramirez responded, and some of their voleyed exchanges were the most exciting seen at Wimbledon this year.

Ilie Nastase through to the Wimbledon final.

Games went with service until the 16th when, with a tie-break looming, Nastase reached set-point with a brilliant top-spin forehand down the line. This time one chance was all he needed, putting another breath-taking top-spin forehand wide of Ramirezs'.

Two sets up, Nastase indulged in the occasional clowning, once pointing to Ramirez the spot to which he was going to smash the ball, and hitting it within inches of the place.

Five games went with service in the third set before Nastase struck again. A wonderful lob which fell on the line put him 40-0 ahead, a lead which Ramirez bravely wiped out, albeit with the assistance of one bad bounce. (More dark looks from Nastase towards the photographers).

The Mexican wasted it all when he smashed a sitter wildly out of court, and Nastase promptly hit another great forehand pass to move 4-2 ahead.

At 3—5, Ramirez saved one match point with a fine stop volley, but in the next game Nastase duly clinched his victory.

Although he had finished with Ramirez, he was not quite finished with the photographers, walking off court backwards to stop them getting their pictures.

The future of the Davis Cup competition, the international team event for men which started in 1900, was put in doubt yesterday when the United States Tennis Association announced that it was withdrawing from the competition altogether. Britain and France said that they would not take part in he 1977 competition. These decisions follow the failure of a move to ban Mexico from next year's competition following their refusal to play against South Africa this year.

RACING BY DOMINIC WIGAN

Haveroid has pace to win again

THAT top-class handicapper *Gunner B*, who put up such a praiseworthy effort when defying top-weight of 9 st 2 lb in the Andy Capp Handicap at Redcar a fortnight ago, bids for another big prize in this evening's Welbred Stakes at Beverley.

Again with top weight, this time 10 st 1 lb, Gunner B has a formidable task in trying to concede upwards of 23 lb to his seven opponents. Yet he is powerfully made, well up to shouldering big weights, and I am hopeful that he will underline his St. Leger prospects by gaining his fifth success of the season.

The lightly-weighted Forest Moor, who followed up a modest Maiden Stakes success over Beau Jamie at Pontefract with a two-lengths win from Consistor in a competitive handicap on the same course 10 days' ago, receives 35 lb from the selection and must represent a serious threat.

Half an hour before the Welbred Stakes few will try to find one to beat *Moon Express* in the seven furlongs Hornsea Fillies Stakes. On her only previous appearance Jeremy Hindley's Expresso filly put up an encouraging performance when finishing second on the same track three weeks ago.

In the other juvenile event on an interesting programme, the Recreation Club Sweepstakes, I do not intend to look beyond the Neil Adam-trained *Haveroid*.

This bay Tycoon II colt ran out an easy winner from My Anouk at Edinburgh last time out, despite losing ground through hanging off a true line in the closing stages, and he should have too much pace for the seven other previous winners in the line-up.

In spite of being decisively beaten by *Man in the Moon* at Ascot a fortnight ago, Great Oak again tackles the highly-rated Kingsclere colt in Haydock's Cock of the North Stakes. Although he is 11 lb better off for the three lengths by which he went down in the Fenwolf Stakes, I cannot see Great Oak dealing with Paul Mellon's Buckpasser colt, who may have more to fear from Truce of Oman, a four-lengths winner at Salisbury recently.

At Sandown's Saints and Sinners charity meeting, where *Spring Frolic* is expected to have few problems in the William Handicap, *Dunfermline* and *On Course* are likely to be two more for Joe Mercer, who achieved his 2,000th British success when partnering Major John to victory at Brighton on Wednesday.

SANDOWN
2.00—Switchback
2.30—Dunfermline
3.05—Spring Frolic*
3.35—On Course
4.10—Vilgora
4.45—Sportsky

HAYDOCK
2.45—Aroche
3.45—Man in the Moon**
4.15—The Danstan

BEVERLEY
6.45—Spoofer
7.10—Moon Express
7.40—Gunner B
8.35—Haveroid***

SALEROOM BY ANTONY THORNCR

Picasso's 'Repa fetches £55,000

AT Christie's, there was a good sale of prints which totalled £166,755. A mixed dispersal of French furniture brought in £580,400.

Completion of the disposal of the Hartman collection of Japanese metalwork was disappointing.

The big news was among prints where an early Picasso etching, Le Repas Frugal, was sold to the Shickman Gallery of New York for £55,000, plus 10 per cent, buyer's premium. This is a rare impression, pulled before the plate was steel-faced, and the price was on target. Another New York dealer, David Tunick, paid £8,000 for a Degas etching, Au Louvre, and £7,000 for a set of 20 Durer woodcuts on Life of the Virgin.

The French furniture sale was one of the best in quality for years but failure to sell two top lots took away some excitement. A Louis XV kingwood and tulip-wood parquetry bureau de dame, stamped BVRB, was bought in at £42,000, and the Royal commode made for the bedchamber of Louis XV at Fontainbleau, which has a twin in the Wallace Collection, was even more disappointing, being bought in at £19,000.

There were successes: a pair of transitional commodes, attributed to J. Dautriche, sold well above target for £26,000 to a French buyer and a French dealer, Roberts, paid £24,000 for a Louis XV table attributed to Oeben. The same sum acquired a Louis XVI porcelain mounted mahogany jewel cabinet, attributed to Adam Weisweil table, probably from the maker, was sold for £22,0

Other good prices £18,000 for a Louis XVI lain, mounted, tulipwood taire by Martin Carlin from Blairman for a Lou bureau plat; and the same for a table à café of the period. The Victoria and

Picasso's Le Repas Fr bought by the Schic Gallery.

paid £12,000, almost doub sale forecast, for a set panels of Sancerre need.

There was the complet the Hartman Collectio biggest sale of Japanese work organised in Londo 676 lots. The very mass o overwhelmed buyers and on for 40 per cent of the tial was unsold. Even total of £353,296 was the for a Japanese sale, and day a 19th-century de tsuba went for £3,100 to berger, who also bought a tsuba for £2,600. A tr shaped vase was acquir Eskenazi for £2,400

At Sotheby's there w auction of contemporar always a difficult market. two most highly esteeme tures, an unusual Francis Landscape with Car, and a Hockney, Still Life with work of 1968, were bou at £23,000 and £12,200 tively. Narrow Gauge, an picture of vertical lines, uring 89 in. by 14 in., American Morris Louis, f £15,000. A tempere abstr another American, Mark was on target at £13,400 Rothko, Untitled, wen £11,500, in a sale which t £321,272.

HENLEY REGATTA BY CHRISTIAN TYLER

Hot work ashore—chaos afloat

IT WAS the spectators who sweated hardest as the 137th Henley Regatta opened yesterday. While the fashionable crowds bulged the beer tents to recover from their exertions in the sweltering sun, the oarsmen in the main were engaged in unequal contest as they worked through the early rounds of the 13 events to be decided by Sunday night.

However, the spasmodic breeze that flapped the long dresses and blazers of those on land had serious consequences for some of those afloat.

A number of the coxless fours were hard put to it to keep a straight line: the Bradford University crew, for example, caught a crab and then tacked their way down the one mile and 550 yards course to lose to an almost equally erratic Durham University four.

In the following race Trinity College Dublin and Cambridge Boat Club of the U.S. collided after a quarter of a mile and were restarted, but the American crew almost immediately hit the quarter-mile post, breaking blades and bending riggers. Trinity were given the race but an appeal from the U.S. crew resulted — most unusually — in a re-row being ordered by the umpire. There was much clucking among the experts, who could only surmise that the new decision had something to do with bicentennial amity. The Americans won the second version easily.

However, one record did fall in the morning when Henley Rowing Club took a second off the six minutes 33 seconds mark in the Thames Challenge Cup, the event for eights who cannot quite make the grade for the more exclusive Grand Challenge.

With the Olympics only a fortnight away, Henley does not have its usual quota of international stars. Only three Olympic oarsmen are here — all of them Australians. The one who rowed yesterday, Hale, made light work of Lloyd of Marlow Rowing Club in the first round of the Diamond Challenge Sculls as did Wiggin, a Welshman rowing in the colours of a German club; he beat Griffiths of Hereford.

Among the successful overseas crews were the Hong Kong police in the coxless fours and the Norwegian Christiania in the Thames eight — in this event, incidentally, three clearing banks, Barclays, Midland and NatWest, all succumbed. In the same event Harvard beat Molesey majestically though they were inexplicably berated by their diminutive Japanese cox as they passed the post.

Ashore, the band sweated out their usual medleys. "The Night they Invented Champagne," was rendered during lunch, perhaps to encourage weaker brethren facing Bollinger at £7.20 a time. At lunchtime many of the smart set from the stewards' enclosure slipped next door to the cheap enclosure where prices at least felt lower and beer came in pints rather than halves. It was also a chance to strip off tie and jacket—both still insisted upon by the rim traditionalists manning the Stewards' gates.

Henley gets down to more serious racing in the next three days, during which British crews hope to secure a good clutch of the trophies in the absence of testing overseas opposition. To-day will see the élite events getting under way.

If the rowing half of Henley harbours any regrets about the regatta's unfortunate coincidence with the Olympics, the watching half appears cheerfully oblivious.

City issuing houses attacked

BY TERRY WILKINSON

EXECUTIVES OF City issuing houses are criticised for their level of technical skill and attitudes in a City University Business School report Going Public, due to be published in the autumn. The report also says that the selection process involved in public flotations is shown to be successful.

An examination of the profits of companies going public from 1967 to 1974—an average of about 100 a year—shows that their rate of growth to have been double that of other public companies during the period.

The newly floated companies were highly profitable on average, displaying a rate of return on net assets of 30 per cent., compared with less than 10 per cent for all public companies during this period.

In contrast to many previous studies, the City University research team has found a strong tendency for the smaller companies going public to have a higher rate of return on capital than the larger companies. This particularly applied when comparing companies with net tangible assets of less than £1m.

Real costs of issue varied between 6 and 8 per cent. of issue size between 1966 and 1972, rising to 10 per cent. in 1973. However, the costs of the offer for sale, the principal method of issue accounting for just over a third of the total, fell considerably between 1966 and 1972—a major fall in variable costs offsetting a slight rise in fixed costs.

Issuing activity was concentrated in relatively few hands. Only half of the 90 issuing houses and less than a third of the 170 stockbrokers were involved in flotations. Only four issuing houses and 13 stockbrokers handled an annual average of two or more new flotations.

Mecca to sell Clubman's Club

BY KEITH LEWIS

Mecca, now part of Mr. Maxwell Joseph's hotels, leisure and brewery group, has confirmed that its own subsidiary, Clubman's Club (Subscriptions) is for sale for about £100,000.

The interests for sale are those on which Clubman's Club was based — the provision of club facilities at a discount to members.

The betting shops, under the name of City Tote, which were part of Clubman's Club at the time of the Mecca acquisition in 1969, are not included, having been absorbed into the Mecca Bookmakers chain.

The fruit machine operating and manufacturing ir were sold off some years

Mecca said yesterday t Clubman's Club activit longer fitted into Mecca's It also confirmed that th had been trying to sell terests for some tim approaches had been bei asking price.

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05-7.55 a.m. Open University (UHF only). 1.00 p.m. Ar Glawr. 1.30 Along the Trail. 1.45 News. 1.55 Wimbledon Lawn Tennis. 4.23 Regional News (except London). 4.25 Play School. 4.50 Screen Test. 5.15 Week Afloat. 5.40 Barbapapa. 5.45 News.
6.00 Nationwide (London only).
6.15 Wimbledon Lawn Tennis.
7.15 The Invisible Man.
8.00 It's a Knockout.
9.00 News.
9.25 Is Anybody There?
10.40 Tonight.
11.10 Cornwall Summer.
11.40 Weather/Regional News.
†11.42 The Friday Film: "Lilith"

All Regions as BBC 1 except at the following times:—

Wales—1.30-1.45 p.m. O Dan y Mor. 6.00-6.15 Wales Today. 7.15 Heddiw. 7.30-8.00 Monty Python. 10.40 Kane on Friday. 11.10 Augustus and Gwen. 12.00-1.20 a.m. The Friday Film: Walt Disney's "The Barefoot Executive."

Scotland — 10.00-11.30 a.m. "Courage of Lassie" starring Elizabeth Taylor. 6.00-6.15 Reporting Scotland. 11.10 End of the Road. 11.40-11.42 News and Weather for Scotland.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.15 Scene Around Six. 11.10 One Night Stand. 11.40-11.42 News and Weather for Northern Ireland.

England—6.00-6.15 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands Today (from Birmingham); Look East (from Norwich); Points West (from Bristol); South Today (from Southampton); Spotlight South West (from Plymouth). 11.10-11.40 North (from Leeds) 50,000 Miles to Wembley with show-jumper Graham Fletcher; North West (from Manchester) Showing Tonight; North East (from Newcastle) Look Closer with Melvyn Bragg; Midlands (from Birmingham) Long Live Rutland; West (from Bristol) Showman; South West (from Plymouth) Peninsula; South (from Southampton) Conversation; East (from Norwich) On Camera and Binends.

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School.
4.15 p.m. Wimbledon Lawn Tennis.
7.30 News on 2.
7.40 The Vera Lynn Show.
8.15 The Money Programme.
9.00 Pot Black.
9.25 Wimbledon highlights.
10.15 The Man Who Meant Well.
11.10 Tribute to Johnny Mercer.
11.50 Newsnight.
12.05 a.m. Closedown. Jill Balcon reads "Rouen" by Marguerite Wood.

LONDON

10.00 a.m. Meet Betty Boop. 10.05 The Voice in the Fingers. 10.55 Cricket. 12.00 A Handful of Songs. 12.10 p.m. Pipkins. 12.30 Those Wonderful TV Times. 1.00 First Report: News with Alastair Burnet, FT index. 1.20 Lunchtime Today. 1.30 Crown Court. 2.00 Good Afternoon Money-Go-Round. 2.30 Racing from Sandown Park. 3.45 Cricket. 4.20 Soldier and Me. 4.50 All Together Now. 5.20 University Challenge.
5.50 News from ITN.
6.00 Today—The London Report.
6.35 Crossroads.
7.00 Winner Takes All.
7.30 General Hospital.
8.30 The Fosters.
9.00 Police Woman.
10.00 News at Ten.
10.30 "Eleanor and Franklin" (made specially for TV).

All ITV Regions as London except at the following times:—

ANGLIA

10.00 a.m. Here Comes the Future. 10.25 Unguarded Moment. 12.00 Archie the Afghan. 1.25 p.m. Anglia News. 5.20 Probe Meets. . . . 6.00 About Anglia. 7.00 Gambit. 9.00 The Streets of San Francisco. 12.25 a.m. Your Choice.

ATV MIDLANDS

10.25 a.m. The Slimming Disease. 12.00 Archie the Afghan. 1.20 p.m. ATV Newsdesk. 5.20 Hogan's Heroes. 6.00 ATV Today. 9.00 Streets of San Francisco.

BORDER

10.30 a.m. The Unguarded Moment. 12.00 Archie the Afghan. †1.20 p.m. Border News. 6.00 Border News and Lookaround. 9.00 Hawaii Five-O. †12.25 a.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 6.00 Report At Six. 12.20 a.m. News and Weather in French.

GRAMPIAN

10.30 a.m. Unguarded Moment. 1.20 p.m. Grampian News Headlines. 6.00 Grampian Today. 7.00 Gambit. 9.00 Hawaii Five-O. 12.20 a.m. Evening Prayers.

GRANADA

10.00 a.m. Superman. 10.20 Man and his World. 10.30 Clapperboard. 1.20 p.m. This Is Your Right. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Granada Reports. 6.30 The Protectors. 9.00 The Streets of San Francisco. 12.20 a.m. Theatre Macabre. 12.50 Thank You and Goodnight. . . .

HTV

10.30 a.m. The Unguarded Moment. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 5.20 Chuckleheads. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 The Adventurer. 7.00 Mr and Mrs. 9.00 The Streets of San Francisco.

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20-4.50 Stesion Cantamil. 6.01-6.15 Y Dydd.

HTV West—As HTV General Service except 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.30 a.m. Unguarded Moment. †1.25 p.m. Road and Weather Report. 2.00 Housecall. 5.20 Kirt. 5.25 Crossroads. 6.00 Scotland Today. 6.30 Thingummyjig. 9.00 The Streets of San Francisco. 12.20 a.m. Late Call.

SOUTHERN

10.30 a.m. The Unguarded Moment. 12.00 Archie the Afghan. 1.20 p.m. Southern News and Weather. 2.00 Women Only. 5.20 Sinbad Junior. 5.25 Crossroads. 6.00 Day By Day (Channels 8, 11, 27, 42, 38 and 60) 6.00 Scene South East (Channels 10, 43, 64 and 66). 12.25 a.m. Southern News Extra.

TYNE TEES

10.25 a.m. Starting Point. 10.30 Unguarded Moment. 12.30 p.m. Out of Town. 1.20 North East News and Lookaround. 5.20 Winner Takes All. 6.00 Today At Six. 7.00 Those Wonderful TV Times. 12.25 a.m. Epilogue.

ULSTER

10.30 a.m. Unguarded Moment. 12.00 Archie the Afghan. 1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.18 Ulster News Headlines. 6.00 Summer Reports. 6.25 Police Six.

WESTWARD

9.30 a.m. Sesame Street. 10.30 Unguarded Moment. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary and Sports Desk. 12.20 a.m. Westward Late News. 12.25 Faith For Life.

YORKSHIRE

10.00 Ahimes. 10.15 Lasting Beauty. 10.30 Ed Allen Time. 1.20 p.m. Calendar News. 5.20 The Flintstones. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 Rosko's Round Table. 5.45 Newsbeat. 6.02 As Radio 2 (6.02-7.00 as VHF). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Don Durbridge (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin; 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 Wimbledon (1,500m. only, also 202m. Scotland, VHF joins Radio 1), including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45-7.00 Wimbledon (1,500m. only, also 202m. Scotland) including 4.45, 5.45 and 6.45 Sports Desk. 4.45-7.00 Sam Costa (S) (VHF only). 7.02 Funny You Should Ask. 7.30 Sports Desk. 7.33 Play It Again (S). 8.02 Frank Chacksfield conducts the BBC Radio Orchestra (S). 9.02 Friday Night Is Music Night (S). 10.02 Sports Desk. 10.05 Take Your Partners (S). 11.02 Len Jackson with The Late Show (1,500m. only, also 202m. Scotland. VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Bach (S). 9.35 BBC Concert Orchestra (S). 10.35 English Songs (S). 11.00 Bach and Handel violin and harpsichord recital (S). 11.50 Bruckner concert (S). 1.00 p.m. News. 1.05 Playbill (S). 1.20 Tamas Vasary piano recital (S). 2.30 BBC Welsh Symphony Orchestra. 3.45 Bath Festival 1976, part 1 (S). 4.50 Interval Reading. 4.55 Concert, part 2. 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Leisure and Recreation. 7.30 Mankind's Music. 8.00 Cheltenham Festival 1976: Opening Concert, part 1: Bliss, Cavalli (S). 8.50 The Other Newbolt (talk with illustrations). 9.10 Concert, part 2: Bliss, Handel (S). 10.00 Music Now. 10.40 Byrd and Andrea Gabrieli concert (S). 11.25-11.30 News.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including 7.25 VHF Regional News. 7.45 Thought for the Day. 8.00 News and more of Today, including 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Voice of the People. 10.00 News. 10.05 A Policeman's Lot. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Sybil (an appreciation). 11.50 Secrets of the Deep. 12.00 News. 12.02 p.m. You and Yours. 12.27 Twenty Questions. †12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour, including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 A Bunch of Fives (S). 4.00 News. 4.05 Any Answers? 4.35 Story Time. 5.00 PM Reports. †5.50 Financial Report. VHF Regional News 5.55 Weather, programme news. 6.00 News. 6.15 Brain of Britain 1976 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Pick of the Week. 8.30 Any Questions? 9.15 Letter from America 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.25 Week Ending. . . . 11.40 News.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.00 Richard Vaughan with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. David Simmons' Call In, including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 3.45 The London Gardener. 4.03 Lobby. 4.32 Tony Fish with Home Run, including 5.00 and 6.00 London News Desk. 6.10 Carry on Councillor. 6.30 Jamesfield. 7.00 Jenny Thompson and Diana Rice (as 11.03 a.m.). 8.00 Good Fishing. 8.30 Guideline. 10.03 Single File. 12.00-12.05 a.m. As Radio 2 until closedown.

London Broadcasting

261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "A.M." breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Arena. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour through the night.

Capital Radio

194m and 95.8 VHF

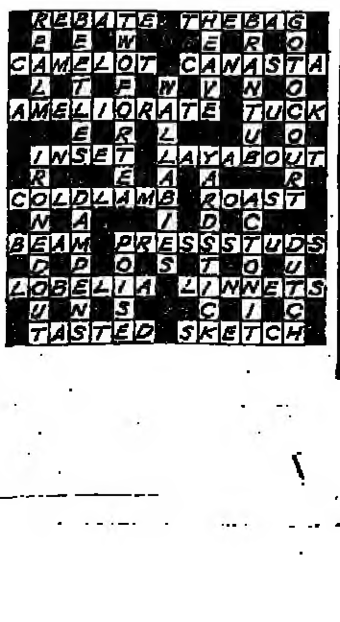
6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe. London Today. 7.30 Adrian Love: Open Line. 9.00 Your Mother Wouldn't Like It, presented by Ron Stevens, a DJ from KSHE, St Louis, U.S. 11.00 Tony Myatt: The Late Show. 2.00-6.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,120

ACROSS
1 The type of missile to cause surprise to China (6)
4 Friendly requests to a worker (8)
10 No good man takes spirit as a remedy (7)
11 Asian upset about the City reptile (7)
12 "This royal throne of kings, this sceptred—" (Richard II) (4)
13 Flattering speech, we hear, to make up the number (10)
15 A Constellation takes in one thousand troops (6)
16 Divided like a Frenchman with the German (7)
20 Coloured singer spoils the copybook (3-4)
21 We had the gaiety at his ball (6)
24 Pantomime lends little colour to lady traveller's head-dress (6-1)
26 The prize is in hand (4)
28 Chap needs a place to drive off the sea-monster (7)
29 The Child of Action, according to Disraeli (7)
30 Add weed to choke and make it dodder (8)
31 Difficult times caused by more pay in the Civil Service (6)

DOWN
1 To give one international status may be a disadvantage (8)
2 Strong fellow sounds like one of the faithful (6, 3)
3 And not the quarter for fate (4)
5 A farewell call a writer should not miss (4, 4)
6 A charming point of view, but not quite straight (5, 5)
7 A cloak—worn by civil engineers? (5)
8 Principles for an oriental under canvas (6)
9 It's the devil to face up to punishment (5)
14 Gardens suggest the royal borough (10)
17 Lost greatness alienates (9)
18 Mary's husband recalls bulletin from Queen Charlotte's (8)
19 Burns me up in some cases (8)
22 Concocts triangular supports (6)
23 Advantages for a servant (5)
25 A swell or a benefactor (5)
27 There is no getting away from honour in this period (4)

SOLUTION TO PUZZLE, No. 3,119



1976 Basle Art Fair

by JOHN HOPE

"Unique in its way," claims Fair's handout. "All trends, conceptions and all the great nes are represented" and sle does perhaps cast its net ler than its competitors.

dost fairs are still medium ed and two-thirds filled by local leries but Basle is vast, three-arters international and open, re or less, to all-comers. This r it has stopped expanding there are still 300 galleries 21 countries represented—p-out places, Brazil, Vene-la and South Africa are filled Mexico, Yugoslavia and Persia national exhibition (Spain year for England) and 000 square feet of exhibition.

This year the fair is sand-ched between May's Bologna the forthcoming new-style nice Biennale. Inevitably it links with both: Spanish phasis like Venice and artists m Bologna's big abstract show, ropa-America, well repre-nted.

Europa-America overshadowed Bologna Fair beside it but the Spanish offerings Basle can hold its own with ease. re is a fine Picasso retro-ctive at the Basle Art Gallery, t since the artist's death: with rks from the New York's iseum of Modern Art and Swiss llections. But it is too remote time for equal impact and the anish Fair show itself is dis-pointingly greyish. Over-elmingly it is middle-genera-n artists, Tapiès to Berrocal, th a few old School of Paris treats." Gris, Mirò, Gonzales d Picasso himself included and ree young painters only. Vil-ba—seen at last year's Basle ir—and the "Equipo Cronaca" uble. Lone "joker" is Alberto, vil War refugee in Moscow m 1938 to his death.

Rising costs, Swiss francs in rticular, have hit the Fair rd. Fewer galleries are show-g from England, the U.S., ly and—oddly—the Swiss emselves and last year's great shows of brand-new trans-atlantic work are missing—Oldenburg. Lichtenstein, Graham and Wesselmann are represented, if at all, by graphics and multiples and their dealers absent or here on smaller scale.

Waddington has the biggest British showing, tight-packed, excellent works, a fine new Allen Jones *Curtain Call* from this year's exhibition and a Caulfield flower-piece among them. John Davies, last year's British show-sensation, has a corner at Juda, drawings and a single standing figure, and Nigel Greenwood, close by, three splendid Ger Van Velk's from a last October show — symmetrical landscapes poised, gold-framed on land-scape backgrounds, triangular sky-pieces above them. Big gal-leries are scarce but print showers are there in force, Petersburg Press, Alecto and Jacobson among them, and Treadwell, alone of British gal-leries, seems fast expanding.

New prints and multiples are striking, two *Europa-America* artists in particular—Morellet prints, architectural project for the German Army School at *Hamburg*, coloured "frames" for a huge octagonal wall, and Sol Le Witt's group of 48 new prints plus *Locations of figures in space*, prototypes for his huge pencil mural at Bologna.

Lichtenstein too has fine new prints—*Entablatures*, embossed screen-prints with silver, gold and coloured metallic foil of Greek and Roman mouldings, key-patterns and lettering. Best new multiples perhaps are Gio Pomodoro's bronze instrument-bits, hugely enlarged, part of his current "Sun Product" series and car-tyre "Tracks," tyre-marks on brown sand strips and crosses, Rauschenburg's latest offering.

Small groups and single works include other "unexpecteds": 12 newly issued prints from Lissitzky watercolours of 1928—signed by his son—*Four funda-mental ways* in brown, black and red, delicious post-Constructivist diagrams for Communist wor-kers, farmers and Red Army soldiers, letters, flags and num-bers utilised. There is a sur-prising Tapiès work too, wooden window with splashed paint and dripped plaster, direct and dramatic.

Magritte and Tinguely have the most striking one-man shows. The Magrittes, a minia-*ture retrospective, oils, gouaches* and drawings at Isy Brachot from his whole career, have three outstanding works, *La Legende des Siècles* of 1950, tiny red chair on vast Stonehenge-like throne, a sinking tombstone *Le Sourire* and the late *Les Belles Réalités*, white table-clothed kitched table poised on a huge green apple.

Tinguely, shown at two gal-leries, Bonnier and Bischofber-ger, best represents "Fun of the Fair" this year. Sinister, black-painted machines from the 60's for the most part, viewer-activated by bright-red bobbles below, they have lost no magic. Grinding masses of failing machinery are with us always—their peak point of fantasy per-*haps a parrot-shape activated by* a home hand-drill called "Mein Papagei."

Hyper-realists and photo-graphy are still well visible—John de Andrea's *Freckled Woman*, painted Fibreglass nude, goose-pimples all included, is a Fair master-point but photo-graphy's top tribute to the Art World takes the Sidney Janis Stand—*Photographer and the Artist*, great painters, by great cameramen Nadar's Delacroix of 1850 to Cartier-Bresson's Bacon four years ago, the high-points perhaps Wayne Miller's gnome-like Brancusi, Yves Klein flinging himself from a roof-top for Harry Schunk and—another 1920's surprise—Lissitzky's Kurt Schwitters of 1924.

"Unique in its way," "All *conceptions . . . represented*"? Well, perhaps the Fair handout is not far wrong.

Theatre Upstairs

Amy and the Price of Cotton

by MICHAEL COVENEY

Amy is a late-19th century woman moving to a big house in Lancashire ripe for industrial profit and the railway. Michael McGrath's first scene, tautly written, reveals a tacky marital set-up — Amy's husband seeks guilty sexual gratitude for his New World engineering efforts—it suggests a barren, Lawren-tian landscape of stifled dreams ... That landscape shuffles into closer focus with the deve-lopment of a relationship in sub-sequent scenes between Amy and a muscular, no-nonsense joiner hired to potter around the bored housewife.

James Aubrey plays the joiner with knitted brow and pent-up ... He is shaking off the ... attentions of Phoebe (Lydia Lisle) while pressing ahead in his spare time with artistic impulses. His father, we learn, took him to a public hang-ing at the age of 15 since when he draws noosed nudes with slack tongues and (in the case of the men) stiff members. Phoebe poses for him, and Amy, who moves out to share his proletar-ian *grime and tin bath, finds* herself cast as hapless witness to a fatal catastrophe. Not, how-ever, before discovering while clad in a towel that their two hearts are "thumping together."

Too much literal reportage on this play would sound super-cilious. Apart from the opening, there is a potentially fine scene between Amy and an elderly, hypochondriac student of world markets in which sexual kinks are implied as being endemic to feudal status. The play con-cludes with the sad return of Amy to her husband and her lover's portrait of herself urinating, a portrait the indus-trial pioneer refuses to destroy because, he says, it reminds Amy of happier days. Amy, however, detects that he takes some foul and secret delight in keeping it there. The marriage will sur-vive as a compromise arrange-*ment, and, while he works, she* can always go out to do the shopping.

Mr. McGrath's play, winner of this year's George Devine Award, is unsatisfying not least because it fails to stand up as either historically reverberative or emotionally true. Ian Cullen is stolid and appropriately sad as the husband, while Celia Gregory, beautiful to look at and possessing a tantalising quality of hypnotic sexuality, is totally mis-cast as Amy. William Alexander's production, labori-ously decked out with fine furniture on a bare stage, is painstakingly slow to little effect.

Cinema

Bambi rides again

by JONATHAN ROSENBAUM

Bambi (U) Odeon. St. Martin's Lane
Lifeguard (AA) Ritz
When the Leaves Fall National Film Theatre

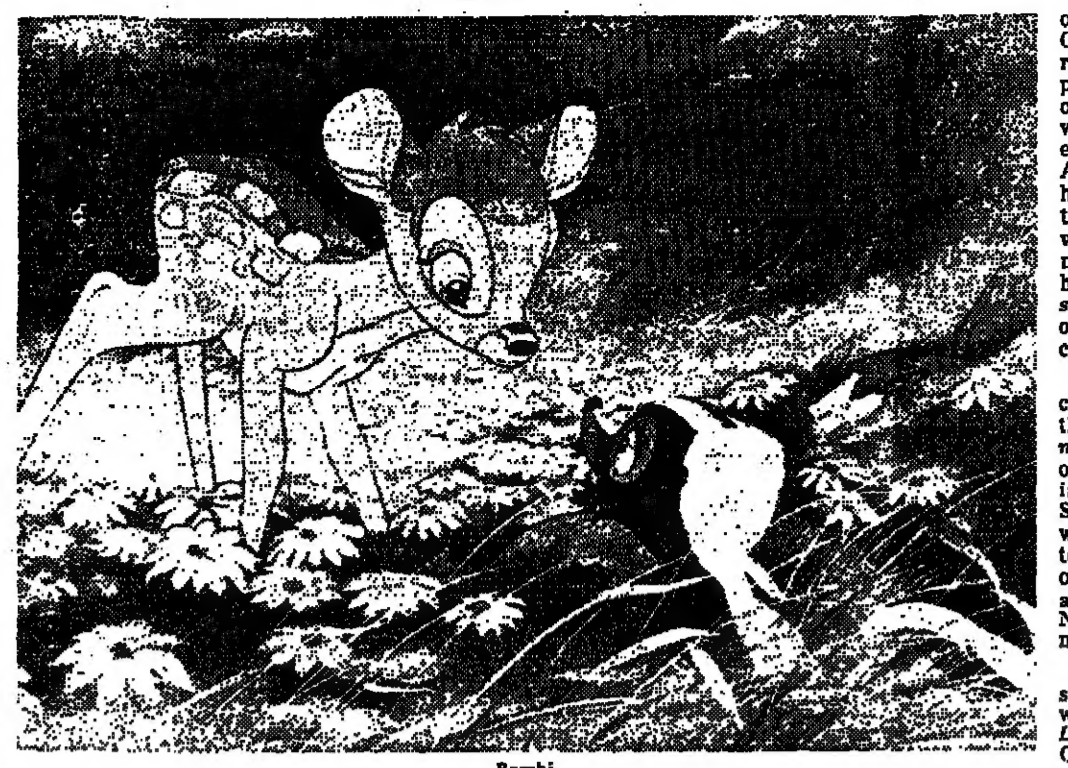
Thirty-four years have passed since Walt Disney's *Bambi* first hit the screen. Yet barring only its quaintly dated musical score—six unmemorable tunes by *Frank* Churchill and Edward Plumb that are well below the usual Disney standard—an un-suspecting child who can't read Roman numerals might assume that it was made yesterday. It is no small irony that a movie only slightly more than half as old, *Silk Stockings* (1957), gets treated like a museum piece worthy of nostalgia in the recent *That's Entertainment Part II*, while this animated feature gets reborn afresh for each new generation—not so much like a phoenix rising out of its ashes as like a display of calender art circulated periodically, with only the dates changing.

One element undoubtedly help-ing to sustain this timeliness is the cast of characters: unlike *Snow White and the Seven Dwarfs*, *Pinocchio* and *Dumbo*, the feature-length Disney car-toons preceding it, *Bambi* pitches its tent outside civilisation, in a paradisal forest kingdom where mankind figures only obliquely and obtrusively, as evil intruder and destroyer. Perhaps for this very reason, it offers an ideal laboratory specimen of an appar-ently innocent and harmless con-fection that in fact exudes ideo-logy from every pore.

Consider the movie's ostensible message: an ode to the beauty, harmony and intrinsic goodness of nature undisturbed by man. Visually, the entire film bears witness to this exalted pantheism through its lyrical grasp of the colours, textures and shapes of the vegetable and mineral world—a sensitivity especially evident in the opening shot, when the camera glides mysteriously through the folds of a misty forest interior, past a waterfall and sparkling spring which glisten among the trees and other plants like precious jewels.

But then the animals come into the picture and their relation-ship to real animals is so remote that they reflect a reverse atti-tude: a loathing and fear of the natural world that seeks to smother every remotely disturb-ing and/or inhuman part of it with cotton candy. Among the forest population we find a wise, grumpy old owl patterned after a cliché version of a folksy uncle, dispensing such wise-cracks in response to the court-ings of springtime as "'Love's sweet song'—pain in the pin-feathers, I call it" and "They're twitterpated"; a chipmunk who sleeps cuddled under another chipmunk's tail; smiling, chirp-ing baby birds; a rabbit named Thumper who looks and sounds a little like Mickey Rooney imitating a toddler—all of whom rush together in the opening scene, joined by legions of their neighbours, to witness the birth of the title hero, a deer.

The notion of all the inhabi-tants of a forest moving and responding like a single emo-tional unit is one that we've met elsewhere, in *Snow White*, where the entire animal com-munity unites with the co-ordi-nated hysteria of a lynch mob to warn the seven dwarfs about the Wicked Witch's evil design on the heroine. Here the impulse is positive, but the sense of mystical communion is no less pronounced; and to find its human equivalent in 1942, the year *Bambi* was first released, one has to look not at America but at the exalted myths of social unity that were prevalent in Nazi Germany at the time.



Bambi

If the point seems forced or fortuitous, a closer look at the ingredients of Disney's style may be in order. Of all live-action directors, the one whose vision and manner most nearly approxi-mate his is Leni Riefenstahl, the gifted poet laureate of Hitler's Germany (in *Triumph of the Will* and *Olympia*) whose first film, *The Blue Light* (1932), astonishingly anticipates *Bambi* in many particulars. There, too, one finds a hymn to the specta-cular vistas of nature and the telepathic cohesion of its gentle inhabitants, as well as the greed and brutality of outsiders who despoil its riches. And in Rie-fenstahl's best known film, *Triumph of the Will* (1934), which charts the massive Nurem-berg rally held the same year, the heroic camera angles accorded to celebrated Nazi leaders towering over crowds are echoed in the first glimpse we have of Bambi's father, an elk poised proudly on a mountain ledge high above the scene of his son's birth. Significantly, it is Bambi himself who assumes this lofty pose—first alongside his father, and then alone—in the movie's final image. Bear-ing all this in mind, it may not be entirely coincidental that when Riefenstahl visited Holly-wood in 1938, Disney was re-portedly the only film celebrity there to greet her warmly in public.

From another standpoint, the chief subject of *Bambi* is the concrete conditions of growing up as human beings, not animals, experience them: learning to speak and walk, making friends, undergoing the rites of adoles-cence. Even here, however the facts are often idealised beyond ordinary recognition. Battling with the horrifically savage dogs of the hunters, Bambi gets vir-tually chewed to bits without bleeding a single drop, and his amorous cavortings with Feline, a female deer, are rendered in the manner of the best Holly-wood mush. (Needless to say, sexual difference is chiefly made apparent by her fluttering eye-lashes.)

If one added up all the cosmetic "improvements" sup-plied by Disney animators to animals, one would have a fantasy system quite analagous to the ones yielded by air-brushes in many sex magazines. But eliminate all the moving critters from *Bambi* and you will find something at least half-way suggestive of a genuine pantheism. For all of Disney's kitschy effects, he can convey a sense of wonder about plants, rocks and water that goes far beyond the drippy cuteness and cigar-box banality of his characters.

*

At this point in the long hot summer, when most of the ex-citing new films are snugly tucked away to await fall open-ings, one can almost feel grate-ful for a bad movie that doesn't kick you in the teeth with its strident awfulness and then ask you to like it. *Lifeguard*—one of the closest things I've ever experienced to visual Muzak—uses an altogether gentler form of persuasion. Languid pans across a beach, schmaltzy soft-core sex, a cast which seems to be composed exclusively of photographic models, and whole-some surfing music to fill in the many gaps all add up to an in-offensive entertainment, designed to be received in a state of semi-consciousness. Although the title might suggest something existential or allegorical, like *Pickpocket* or *Taxi Driver*, the subject here is a lot more gritty and basic: Should a handsome lifeguard in his mid-thirties accept his friend's offer of a job selling Porsches, or should he stick it out on the beach indefinitely and do his own thing?

I won't give away the exciting answer, but should warn you that it takes over 90 minutes to get to it. In the meantime, one follows the glossy, lackadaisical exploits of Rick (Sam Elliott), the title hero, a smug Burt Reynolds type who Cares About What He's Doing and comes across as a likeable, not-too-bright all-American meatball languishing in the Southern California sun. Among his many ladies are Tina (Sharon Weber), a pretty stewardess who tells him his "secret" ("You're great technically, but you don't feel anything"); Wendy (Kath-leen Quinlan), an even prettier love-sick 17-year-old; and Cathy (Anne Archer), an old high school sweetheart he encounters at a class reunion, now divorced and running a stylish art gallery.

The relaxed ambience through-out is so evocative of Southern California that one hardly resents the lack of a sustained plot: "I can really get into that ocean," Rick admits at one point, which is probably the closest he ever gets to a self-definition. And director Daniel Petrie handles the proceedings as if that were the essence of his own viewpoint. If the reader can make it to a beach on his or her own steam, *Lifeguard* hardly *seems necessary; otherwise, it* offers an appropriately soporific compensation.

The Georgian cinema is prin-cipally known in this country through the enchanting *Piros-mani*, a very personal portrait of a primitive painter. Interested in discovering what else this Soviet branch of film-making was up to, John Gillett travelled to Georgia last year and has now organised a season of 21 features and several shorts for the National Film Theatre, starting next week.

Pirosmani, which opens the season, can be recommended without hesitation. *When the Leaves Fall*—the only other Georgian film I've seen—has an appeal of its own, but by and large a much more familiar one. Describing the work and leisure of a youth who goes to work as a foreman at a winery in Tbilisi, director Otar Yoseliani develops a kind of semi-plotless form which has come to seem almost obligatory in various national cinemas all over the world. It first took root in Italy in the Forties under the label of Neo-realism, but equivalents have cropped up in subsequent decades in this country, North America, and virtually all of Europe.

In nearly every instance, it can be described as an affection-ate, unrigorous portrayal of how the working class of that country lives. In *When the Leaves Fall*, it largely involves the young hero's shyness and his rebellious response to the corruption at the winery whereby bad wine is bottled even after the workers at the vat refuse to drink it themselves. Gillett makes stronger claims, one should men-tion, for *A Singing Blackbird*, a later Yoseliani feature; the lat-ter opens the season along with *Pirosmani*, and anyone in-terested in exploring Georgian cinema could probably do no better than to start off with this double-bill.

In terms of personal favourites, there are two other films showing at the National Film Theatre which can be pas-sionately recommended to any-one who hasn't yet encountered them: Kenji Mizoguchi's *Sansho Dayu* to-night, and Josef von Sternberg's *The Scarlet Empress* to-morrow. Either one of them automatically knocks every cur-rent film playing in London instantly out of sight.

Coliseum

Aureole

by CLEMENT CRISP

Changes in the repertory of the "Nureyev and Friends" evenings at the Coliseum have brought a wonderfully good deed Paul Taylor's *Aureole* — to ... in the naughty choreo-graphic world of *Songs of a Wayfarer* and *The Moor's Pavane*. Nothing could be more welcome on a hot night than the ... freshness of Taylor's inven-tions. They take the dancers ... dancing and bounding over the stage, and show them as courteous, civilised beings. They have grace, both physical and spiritual, and the Taylorian style of Jane Kosminsky and Daniel Williams Grossman mingles ... with that of the Royal Ballet's Monica Mason and Lynn Seymour.

Not even Miss Mason can make me forget Carolyn Adams' ... way with certain entries ... she and Miss Seymour are happily cast, and Miss Kosminsky and Mr. Grossman dance as to the manner born. Mr. Nureyev assumes Paul Taylor's own dances with nice respect for their broad rhythms, and any chance to see *Aureole* is to be prized. (It should, of course, be in the Royal Ballet repertory.)

The other novelty of the even-ing was the *Flower Festival in Genzano* duet, but Mr. Nureyev looked fraught in it, tearing his solos effortfully out of the air rather than soaring to greet them, and Miss Mason has rather too grand a way for the dulcet charm of Bournonville's writing for a ballerina. In *Songs of a Wayfarer*, Mr. Nureyev and Daniel Lommel are well con-trasted, and though I have no sympathy for the way Béjart nails his dances on to the music, Mr. Nureyev's *gestural power*, the sudden curves of despair his body takes, have an expressive richness that compels belief.

The programme note for *The Moor's Pavane* assures us that it is about "the tragedy of Every-*man*": I am more than a little persuaded that it is, in fact, about a singularly uneasy bridge four, in which a good deal of unwise psychic bidding brings just retribution, and lost tempers all round. Not all the skill of Miss Seymour and Miss Mason, Mr. Nureyev and Fred Mathews, can convince me that it bears repeated viewing as a gloss on *Othello*.

Hovingham Hall

Orlando

by MAX LOPPERT

Though Scottish Opera has provided most of the opera per-formances at this year's York Festival, a home-grown enter-prise called York Festival Opera has mounted at Hovingham Hall a production by Julian Hope of Handel's *Orlando*, in a new translation by Stephen Oliver. At the first performance on Wednesday evening, the success of the enterprise was unfortu-nately compromised by the severe laryngitis of John Angelo Messana in the mighty and all-important title - role — Mr. Messana, being forced to aban-don his normal countertenor register for the baritone an octave below, bravely sketched the music; but of the dramatic tension and power of his great scenes, there was inevitably no more than the faintest glimmer.

So on that aspect of the even-ing criticism should be silent. The opera did, however, labour under other disabilities the re-sult of which was a rather long and sticky evening. Much is made, in the programme, of the baroque instruments and play-ing practices of the Yorkshire Baroque Soloists, who provided the orchestra. But the sound of the six strings was impractically small and mean; and the leader-ship of the opera under Peter Seymour was no more than adequate. Tempi lacked variety, rhythms point or direction, and the acts as a result any sense of long span or dramatic con-tinuity—and this in some of Handel's most masterly long dramatic structures.

Then, the singing was mostly decent when sparkle and lustre are everywhere in demand. Apart from Mr. Messana, the only singer to do justice to her part was Iris Dell'Acqua in the secon-dary part of Dorinda. That polished young baritone, Richard Jackson, forced his voice into the role of Zoroaster, a part com-posed for Handel's stalwart deep bass Montagnana; Mr. Jackson was able to touch the lowest notes, but seldom to take his voice off the leash. The costumes were unflattering, the sets in-genious but, at this performance, not well managed. The transla-tion moved uneasily in tone between high stateliness and anachronistic humour. All in all, it was hardly a performance that reached those optimistically named "festival standards"; but the two remaining may tell a different tale.

New End

The Bitter Tears of Petra von Kant

by B. A. YOUNG

Petra von Kant, a successful dress-designer, falls in love with Karin, a common but beautiful girl who is brought to see her by her friend (or sister?) Sidonie. Karin moves in with her but soon reveals herself a selfish and stupid; within six months she leaves to rejoin her husband, or so she says.

This is what lies at the hub of Rainer Werner Fassbinder's play, and it yields one excellent role and two fertile parts. Petra is played by Delphine Seyrig, her ... ginger hair giving her a look of Colette. She establishes her character early as selfish, ... and dignified and when Karin has got her claws in, and ... in bed expecting unquestion-ing service, the degradation is heart-rending. Fassbinder under-stands very well the scarifying ... of unreciprocated love for an unworthy partner.

The play as a whole does not reach as high a standard as this, ... nor does Miss Seyrig's acting, though it offers some telling moments, more particu-larly when she is in a restrained mood. The spasms of agony after Karin's departure, the grovelling at the telephone at her bizarre birthday celebrations—these are affecting, but not so affecting as, for instance, the apparent insou-ciance with which she declines to meet Karin when she proposes a re-encounter.

The play, which I guess to have been made from the film rather than the other way round, intro-duces a lot of unabsorbed detail, such as Sidonie's visit bringing Karin with her (why?), and the quite new line begun by Petra's daughter and her sympathy for her mother's unpassive but omni-competent servant Marlene, who is played with remarkable humour by Angela Pleasence. Fassbinder has allowed himself too much surface narration, such as would be needed in a film script, at the expense of the introspection that he deals with so well.

Mary Tamm makes a nicely hateful girl of Karin, and I felt the relationship between the women was well realised. Yet the final exit of the wordless Marlene was almost as moving as anything that passed between the others.

The director is Robert Walker and the designs are by Bob Ring-wood and Kate Owen.

Milligan returns to the Mermaid

Spike Milligan returns to the Mermaid Theatre with his show, *Spike Milligan and Friends*, for nine late-night performances only, from July 7 to July 17 (excepting July 8 and 11) at 11 p.m. His friends on this occa-sion are folk singer Dave Start and pianist Fred Loftin.

The theatre is offering a full buffet supper (from 9 p.m.) for £3.00 inclusive, and the theatre bars are open after the show until 12.30 a.m. All seats are £1.50.

Arts news in brief

The first presentation at the Old Vic since the National Theatre vacated it in March this year, will be the first production by a new company which has emerged as the result of dis-cussions between leading actors, directors, designers, writers and technicians.

The White Devil, by John Webster, to be presented from July 12, is a Jocabean tragedy about the corrupting influence of money. Edward Bond has prepared the text for this *production*.

The company includes Glenda Jackson and Patrick Magee

*

London Festival Ballet has received a donation of £15 000 from the National Westminster Bank towards the cost of mount-ing a new production of The Nutcracker. This will be pro-duced and choreographed by Ronald Hynd with designs by Peter Docherty.

OVERSEAS NEWS

Large scale arrests in South Africa reported

JOHANNESBURG, July 1.

SOUTH AFRICAN security police have been detaining people on a "large scale" over the past days following last month's Transvaal riots, according to an unconfirmed Johannesburg report.

Security police are keeping silent about the number of detentions but have confirmed that a Roman Catholic Church official in Pretoria and a leading member of black radical organisations in Johannesburg are being held.

Mr. Tom Manthatha, a former vice-president of SASO, the black student organisation, and an executive member of the Black Peoples' Convention, was arrested in Johannesburg on Tuesday.

This followed the arrest in Pretoria in connection with the disturbances of Mr. Victor Gallingi, an official of the Catholic Bishops' Conference of Southern Africa.

"These arrests were confirmed by Col. J. C. Broodryk, chief of the Pretoria branch of the security police.

Mr. Frank Dolling, managing director of Barclays in South Africa, who is due soon to take up a senior post in London, said to-day that overseas reaction to the riots was "hardly favourable" and that people were waiting to see how the Government would react.

"Notwithstanding the death and destruction, which was a ghastly step backwards for South Africa, good could still come out of the riots if they lead to positive change," Mr. Dolling said. "By that I mean the creation of equal opportunities for all."

Arafat fears for Christians

Palestine Liberation Organisation leader Yassir Arafat yesterday expressed fears that the fall of Jisr el-Pasha Palestinian camp in Beirut could trigger violent reaction against Christians in Lebanon, according to a senior diplomatic source in the latest emergency session of Arab Foreign Ministers, Michael Tingay writes from Cairo.

The source added that in spite of Mr. Arafat's apprehension, the meeting, attended by the Foreign Ministers of 20 states or their representatives, discussed the matter calmly.

Mr. Abdel Halim Khaddam, Syria's Foreign Minister, whose late arrival delayed the start of the session by almost two hours, did not react to the comments but later emphasised that Lebanon's Christians should be taken into account during discussions.

Lebanon was represented at the meeting by Mr. Muhamed Sabra, Lebanon's ambassador in Cairo who has the support of Lebanese Premier Rashid Karami.

S. Africa ban

A one-month union ban on goods and service to and from South Africa in protest against recent racial riots there went into effect in Australia yesterday, UPI reports. The ban by Unions affiliated with the Australian Council of Trade Unions affects the handling of cargo to and from South Africa and all South African-owned or registered vessels and aircraft.

Mao's health

Australian neurologist Professor Walther Birkmayer refused to comment on reports that he had been treating Chairman Mao Tse-tung when he arrived in Hong Kong from Canton yesterday, Reuter reports. Medical sources in Vienna said last month that Professor Birkmayer might be treating Chairman Mao during his trip to China, but this was later denied by the Chinese Embassy in Vienna.

S. Korea project

South Korea plans to launch a five-year, \$3bn. project in 1977 to develop its own facilities for producing nuclear fuel to reduce its dependency on foreign supplies, the Science and Technology Ministry said yesterday, AP-DJ reports for Seoul.

Airlines grounded

Australia's two domestic airlines have been grounded by a strike of air hostesses. About 1,300 of them meeting in Melbourne, Sydney, Brisbane and Adelaide decided yesterday to continue their strike indefinitely over plans to reduce the number of hostesses on Boeing 727 flights from five to four, AP-DJ reports from Sydney.

West Bank strike

Nablus, the largest Arab city in the Occupied West Bank, yesterday faced a total shop strike, and youths burnt tyres and set up barricades in the main square in protest against the decision to impose Value Added Tax in the area next month, Reuter reports from Jerusalem.

Robert Graham describes life in Beirut after 15 months of war.

The death of a city

THE BASIC elements essential to support life in Beirut are rapidly being removed. Little more is required to make the city go beyond a point where it is impossible to prevent the final collapse of essential life support systems. This is an apocalyptic vision yet the cumulative effect of 15 months of destructive and cruel fighting have brought the city to near collapse.

Until now Beirut's inhabitants have adjusted remarkably to the progressive degeneration of life in the city. They have adjusted to total lawlessness. They have adjusted to scarcities of food. They have adjusted to looting, sectarian killing and casual death from rockets and shells. All this has become part of everyday life. Though horrific to an outsider those on the inside, experiencing it daily, have become either numbed, resigned or indifferent.

But for people to survive in a city they need essential services: electricity, running water, sewage, garbage collection. For 10 days now Beirut has been without tap and running water or electricity. There has been no systematic effort to deal with garbage since March. Modern Beirut is a city build round the airconditioner, the fridge and the lift. All this has ground to a halt (except a few buildings which can afford noisy generators). The most serious consequence is the health hazard. Doctors are expressing concern about potential typhoid and cholera outbreaks.

On a drive out of Beirut the checkpoints frequently ask our driver about the fighting. His reply is always the same: "We have no water, no electricity." The power lines and water pipes have been cut as a result of the fighting round the Palestinian refugee camp of Tal El Zaatar. There is talk of bringing power up from Sidon, but this is only talk. Meanwhile drinking water is being sold in litre bottles a dollar a time. Brackish wells are being drained in the old houses, residents in modern apartment blocks have been reduced to pumping out ornamental pools. But the toilets do not flush. Expensive food goes bad in the. All this in the hot humid heat of 30 degrees summer temperatures.

Everything is scarce or expensive, or both. Flour is brought in from Syria by taxis. Bread is rationed in the better organised neighbourhoods with numbers allocated to each family and separate queuing for men and women. Petrol is scarce and is bought on the black market at about \$15 for 20 litres. Expensive modern cars are parked abandoned in the streets, since it is no longer worth stealing them without petrol. Some people still are paid half salary. No one knows if the Government can pay salaries this month.

A few restaurants are still open serving reasonable food. An Indian restaurant even has chilled wine kept in the American University Hospital morgue. But the numbers are dwindling. This week another hotel which has stayed open throughout the crisis in West Beirut has closed.

The traditional cacophony of the city new seems something of a long distant past. Now there are long periods of silence, interspersed by strident sirens, screeching tyres—and of course automatic weapons and shells being fired or landing. So, too, the traditional aspects of city life—people on the streets, neon signs—have been replaced by an eerie listlessness. It is as though the audience has been mingling with the actors and has now filtered away—leaving the actors (the combatants) larger than life to play their suicidal roles.

There is something especially grotesque about watching the funeral of a "fighter": his body in a coffin wrapped in the flag of *his group or faction being driven through the streets in a waiting open Land Rover*, escorted by a truck with a gunner standing astride gripping a mounted machine-gun, red sweat band round his head firing indiscriminately and not always in the air. It does not matter any more if a machine-gun bullet hits a building, breaks some glass, or even if it hits someone. They seem more gangsters than fighters. Their affiliations more tribal than political.

The war has become so random. The other day I passed a man sweeping up some broken glass beside a building in the residential district of Hamra. It was lunch-time. A stray shell had just killed two passers-by. Those that are now staying on are doing so either because they cannot afford to leave houses through fear of their being occupied, or they are squatters because their own property is damaged or lies across the "line." There are few who hang on in the hope that things will get better but they have been thinking this for over a year and things have got progressively worse. The residential areas of Beirut are perhaps 30 per cent. occupied.

Both sides of the city are under seige whether it be the Christian-held area of East Beirut round Ashrafieh, or Moslem-controlled West Beirut. The sole exit to the outside world for East Beirut is by boat from Jounieh to Cyprus. From West *Beirut it is the long drive down* to Sidon along the Israeli frontier and through Masnaa to Damascus (for which the fare has jumped over 100 per cent. to \$230). The airport is now closed indefinitely. This makes it hard to bring in extra foodstuffs or medical supplies for humanitarian purposes—the Christian militia have made it clear they will shell the airport if aircraft attempt to land with such supplies so long as they do not have guarantees for their own safe use of the airport. Telephones work intermittently but telex lines are out of action. Thus, the sense of isolation in the capital is greater than it has ever been.

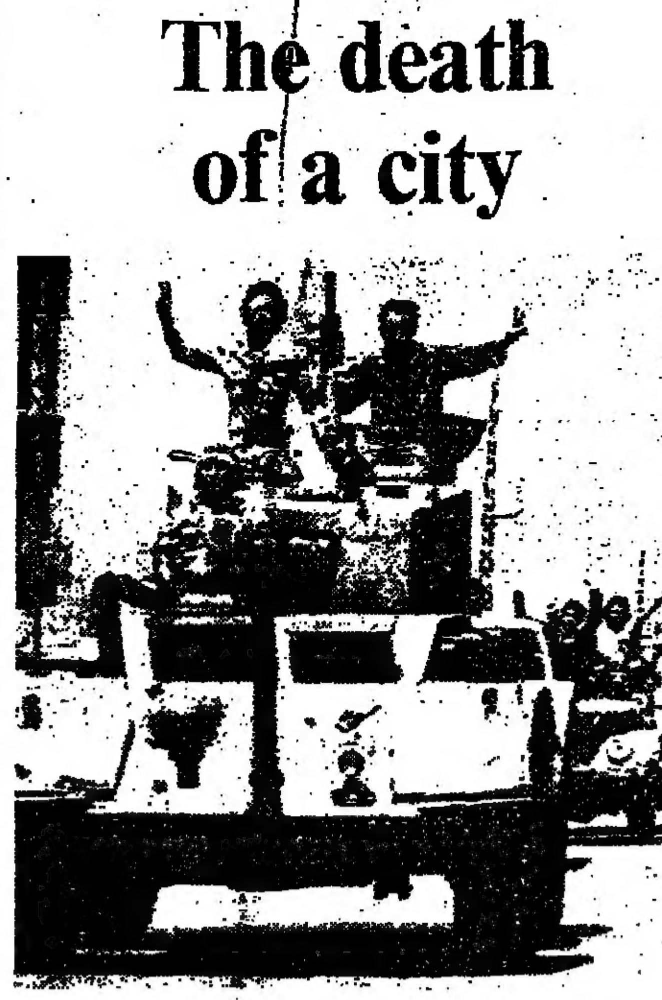
The fighting has been so heavy these past few days that even the traditional traffic between the two sides of the city has stopped. The "lines" has stopped. The Armenian couriers who are permitted to cross into Ashrafieh, taking letters to and from Jounieh and Cyprus, via the museum crossing point, with a limited flow of essential commodities held by one side or the other passed hands, has become too dangerous for anyone to risk.

The deterioration of the situation is reflected dramatically in the state of the American University Hospital, the largest and best equipped hospital in West Beirut. Yesterday it sent a truckload of empty oxygen bottles to Damascus with a plea: "Our supplies run out at 7 p.m. to-morrow night." The hospital has lost at least 25 per cent. of its nursing staff and more of its doctors and surgeons due to a mixture of reluctance to work under the present conditions, Christians being unable to reach the "other side" and staff seeking employment in the Gulf. Yet the hospital has now gone over totally to casualty work, and is processing about 60 casualty cases per day a week ago and is now handling over 120 — none from Tal El Zaatar where the heaviest fighting is taking place.

The hospital has emergency generators but three days ago ran short of fuel oil and so the air-conditioning. More fuel has been found by the PLO. In the past week a heavy 155mm. artillery piece has been firing from close by, and its was only on urgent entreaty that its firing it were persuaded to move as it invited retaliation. The word there is vague: the discipline. A Fatah unit moves guns from the front who come to visit their wounded comrades. But fights often lead to shooting. The individual grouping of the Palestinians—*Nasserites*—is preserved even in recovery rooms. Blood-stained posters of their group adorn the walls and usually, no matter how horribly wounded, the person insists he will go out and fight as soon as he is cured.

Some, who have been in hospital since the serious fighting began last September, are almost ready to be released. But as a doctor pointed out "We've got them here whom we would not need the space, but they have nowhere to go, having no homes and all their families." The Government in the hospital to pay the bills but the hospital is running out of cash and is living on a \$150,000 diverted from the university in March.

The plight of the hospital alone would in almost any circumstances permit or allow an international humanitarian effort. But there is no indication that the parties to the fight will allow this. Perhaps a serious outbreak of typhoid prompt some recognition of the combatants that they are ignoring the suffering caused. But in Beirut not even this is guaranteed.



Moslem Nasserite forces patrol the Beirut sea front.

Deadlock among OAU delegates

BY STEWART DALBY

MAURITIUS, July 1.

WITH THE THIRTEENTH Heads of State summit of the Organisation of African Unity due to start here to-morrow, the Foreign Ministers of Member Countries were to-night deadlocked over a number of resolutions.

It appears that there have been *differences over the wording of* an anti-South African item concerning sport. Yesterday the Council of Ministers had drafted a resolution condemning New Zealand for sending the All Blacks rugby team to South Africa and called on the Olympic Committee to ban New Zealand from the next Games. To-day, however, several members complained that the resolution was too vaguely worded, so it was sent back to the drafting committee. At one stage nine anti-South African resolutions were mooted, but other items have also become bogged down and as things stand only one such resolution condemning the Republic's homelands policy and banning recognition of the Transkei, seems certain to go before the summit.

The Council of Ministers has also divided on resolutions over the contentious issues of the Western Sahara and Djibouti or the territory of the Afars and Issas. *After acrimonious debate* earlier this week on both matters the Council has been unable, according to delegates, to frame any acceptable resolutions on either matter.

It is not yet clear whether the Rhodesian nationalist groups have persuaded the Council of Ministers to frame a resolution which would implicitly criticise the so called "third force" of nationalists. Both Mr. Joshua Nkomo and Bishop Abel Muzorewa, leaders of the rival factions of the African National Congress, are here and are showing a rare harmony in their attempts to hit out at the third force or Zimbabwe Liberation Army.

However, Mr. Nkomo in an interview here denied both that the third force exists as a separate entity and that there is any friction between the various nationalist groups.

Our foreign staff adds: A brief Government announcement in Maputo said that President Samora Machel would not now be attending the OAU summit in Mauritius. No reason was given, but it is assumed that the Mozambique leader considers the situation on his country's border with Rhodesia to be too serious to allow his absence.

Another African leader, President Mobutu of Zaire, will also not attend the summit. A radio announcement said that the President's doctors had advised him not to make the trip.

Setback for Malaysian leader

By Wong Sulong

KUALA LUMPUR, July 1.

PRIME MINISTER Datuk Hussein Onn of Malaysia to-day suffered a sharp rebuff within his UMNO Party when delegates rejected his candidates for top positions in the party's influential youth division.

The Prime Minister's position as leader of the party, and his *control of the party's supreme* council are not in jeopardy, as elections to the National Party leadership are not due until 1978.

However, the defeat of the moderates at the hands of the party's radical and conservative elements, who have forged a temporary alliance, has left the party sharply divided on the eve of the general assembly to-morrow. It also makes Datuk Hussein's efforts of rallying the party behind his leadership more difficult.

Veteran politician 62-year-old Syd Jaafar Albar won the youth leadership over his 38-year-old rival by a wide margin, while the Deputy Presidency went to Haji Suhaimi, a nephew of the former youth leader, Datuk Harun.

The defeat of the moderates to-day came as a surprise, and they attributed the swing against them to the backlash from the recent arrest of the four Malay editors, on charges of Communist subversion, by the Singapore and Malaysian authorities.

Party's 55th anniversary celebrated in Peking

PEKING, July 1.

CHINA TO-DAY celebrates the fifty-fifth anniversary of the founding of the Chinese Communist Party.

Celebrations in Peking are low-key and largely confined to the top party hierarchy. There are no mass demonstrations or parades and no holiday for the workers, peasants or schoolchildren.

The occasion has been marked *here by the publication of a* special issue of the official Communist Party newspaper, the People's Daily, which carries an updated picture of a healthy looking Chairman Mao Tse Tung. The picture is in marked contrast to recent portraits of the Chairman which have shown him slumped weakly in his chair, drawing attention to his deteriorating physical condition.

The huge picture of the Chairman is bordered with three of his quotations including the saying most frequently quoted during the current anti-right campaign, that there are still bourgeois elements within the Communist Party. "The capitalist roaders are still on the capitalist road."

A front page editorial under the joint names of the People's Daily, the Liberation Army Daily, and the theoretical monthly the Red Flag, to-day marks the anniversary with further calls for vigilance against the Party's capitalist roaders. The editorial says most of them recognised their "errors" with the help of the Party and the masses during the Cultural Revolution. "But *there are also people like Teng* Hsiao Ping who cling to their errors and become unrepentant capitalist roaders."

"There is no denying, it says, that the bourgeoisie does exist inside the Party among the Party membership."

Reuter

ON OTHER PAGES

International Company News:
GEICO emergency plans
Bally dissidents
Neckermann deal 21

Farming and Raw Materials:
European drought
U.S. maize crop 29

Revelations embarrass Australia

BY OUR FOREIGN STAFF

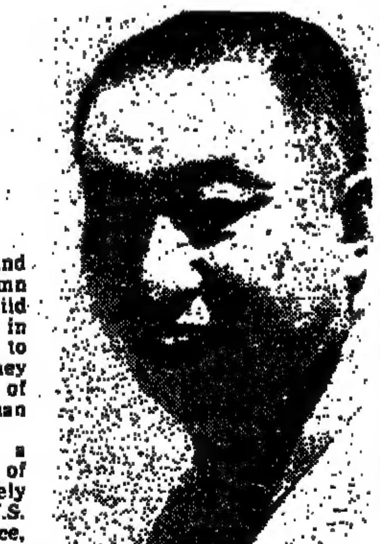
THE administrative slip that put a transcript of the recent talks between the Australian Prime Minister, Mr. Malcolm Fraser, and the Chinese Prime Minister, Mr. Hua Kuo-feng, into the hands of Australian journalists has caused considerable embarrassment to almost all concerned.

In addition to revealing that Mr. Fraser's comments in private about the Russian military build-up in the Indian Ocean are even blunter than those he has made in public, the transcript (of which we publish excerpts below) shows that Mr. Fraser went on to question the stability of Malaysia and Indonesia.

The disclosure of the conversations with Mr. Hua is likely to become a matter of contention in Australia. The leader of the Australian Labor Party, Mr. Gough Whitlam, roundly condemned at a Press conference in London on Wednesday Mr. Fraser's "complete bucketing" of Australia's friends and allies in the Indian Ocean.

A Premier's confidences

Mr. Malcolm Fraser.



Mr. Hua Kuo Feng.

THE FOLLOWING is an edited transcript of what Australian Prime Minister Malcolm Fraser told the Chinese Premier, Mr. Hua Kuo-feng, at their first round of talks on June 20.

"The first thing I would like to say is there is a need for realism in the interpretation of world events. Too much in recent years people have looked upon the world as they would like it to be and not as it is. This has meant in some countries complacency.

"People know what is required to maintain their defences and that significant dangers and difficulties can come for them all. A proper and accurate understanding of what is happening in the world must be based upon fact and not based necessarily upon what a particular country may say its objectives are.

DETENTE: "I remember a conversation I had with representatives of your northern neighbour who came to my office and attempted to describe his country's actions, but his description bore no relation to the actions that his country pursued. One of the factors that has led to misinterpretation is the use of the *word detente, which to many* people has come to mean the solution of differences between the superpowers. In fact, we believe it is a delusion, although we support the fabric of negotiations between all countries.

"In their pursuit of negotiations no one should allow themselves to be deceived and not believe that the word detente has been used to hide the real objectives of one of the super powers. It has also led many people round the world, not just leaders, to feel there is no need anymore to maintain any defence in support of new ideals and objectives because, after all, all problems are capable of solution.

"Putting it perhaps more plainly, in our view whatever they say of their objectives the Russians remain Russians and over the years their actions have not altered very much."

EUROPE: There are a number of aspects which give us some cause for concern, and I would mention these. The Soviet Union and other people have built up military power, which in our view is much greater than necessary for the defence of their own boundaries. They seek not only to extend their armed forces on the mainland. The general Warsaw Pact forces are immense, the quality of their equipment improved and the resources devoted to advance modern technology, military technology, are great. In general terms the balance of power between the Warsaw Pact forces and Nato forces is not balanced at all.

Another situation which is I think of real concern for all of us, is the difficulty of the U.S. being unable to implement its foreign policy with resolution when there is a difference between the executive and Congress.

"There is now a risk of the effectiveness of U.S. foreign policy being reduced very severely because of the differences between Congress and the executive. It was differences in these areas, I believe, that materially contributed to Soviet intervention in Angola and their belief that there would not be a reaction from the U.S.

THE INDIAN OCEAN: The policies of India to us seem to some extent unreal. They appear to espouse certain views and certain policies. They condemn the U.S. in her efforts to build a support base, Diego Garcia, in the Indian Ocean, necessary to preserve the balance, but they do not condemn the build-up of the Soviet Union in the Indian Ocean.

"This shows that there is a lack of reality. A number of nations have said to us privately that they support what the U.S. is doing to maintain a balance, but they are not prepared to say it publicly.

SOUTH EAST ASIA is important to both of us and we support the ASEAN group of countries and their objective to work together to achieve a better understanding. We would also strongly support their objective of preventing the domination of the area by any one of the major powers. We believe that this is important because if there is super power competition in the area it will lead to instability.

The situation in **INDONESIA** is also certainly relevant. Progress is being made under the present Government. We have aid programmes designed to support the advancement of the people of Indonesia. But again, the future of Indonesia, because of the nature of the regime, must have some kind of question mark about it. Nevertheless, I believe it is in our interests in the whole area to support the objectives of what the countries are seeking to do themselves.

"This also applies to **Malaysia** because there is instability there and this instability can spread to other countries, and nobody knows what might come of it. To prevent the movement of the Soviet Union into this area it is necessary, we believe, to support *the independence, strength and* development of the countries in the area.

Another matter that is not unrelated to these areas of concern is what is generally happening in the Indian Ocean. Since 1968 it is the Soviet Union that has built up forces there. They have three sailing days to every sailing day of the U.S. in the Indian Ocean and they have started to use Suez for the passage of military ships, which has increased their mobility, and their strategic strength as a result. They are seeking to move a helicopter carrier, the Kiev, through the Dardanelles into the Mediterranean, and it could also go further into the Indian Ocean. That, it may be, would be in contravention of earlier treaties. We will be seeking in a modest way to expand our own forces. We strongly support the pursuit of balance in the Indian Ocean.

If the U.S. is not there it will become a Russian sea, and I do not believe that is in our interests or in the interests of South East Asia.

There are a number of other matters that I would like to raise concerning the role that we see Australia, Japan and the U.S. playing in the Pacific region, and what other ways might be explored in developing common interests and cooperation between China and Australia. There are some things that I believe we can do in support of common objectives, but at this point I will just say formally that we seek to develop our relationship, not on the basis of ideology but on the basis of common interests and shared objectives.

Sydney Morning Herald

The Financial Times, published daily except Sundays and holidays. U.S. subscription \$365.00 (air freight) \$515.00 (air mail) per annum. Second class postage paid at New York, N.Y.

Economic growth India could spell end of Emergency

BY K. R. SHARMA

NEW DELHI, J[uly 1.]

THE INDIAN economy registered a 6.5 per cent. rate of growth in 1975-76, a record and a clear improvement over the stagnation in the economy for three years prior to this.

The statement on the growth rate is based on official revised calculations of industrial and agricultural production, both of which have gone up. Food grain production is now estimated to have been 118m. tonnes in 1975-76. This is an impressive improvement over the 108m. tonnes achieved in 1971-72, the highest until last year and which has now been exceeded by nearly 10 per cent.

Industrial production in the past financial year is estimated to have registered a 5.7 per cent. rise over the previous year. Much of this was achieved for December 1975-March 1976 when the growth rate for industrial production is estimated at 10 per cent. Some industries, like automobiles, refrigerators and electronics, are still faced with the problem of unused capacity but by and large demand constraints which led a recession last year are now no longer in evidence.

An official review of the economy points out that apart from the gains in industry and agriculture, the main achievement last year was the fall of wholesale prices by 8.5 per cent. and the elimination of ... of essential commodities.

In industry the main c... tion has been made by ... lic sector which had a t... of Rs.122bn. which is a... per cent. better tha... achieved in 1974-75.

The official view is ... Indian economy is now ... for a major breakthrou... the objective of self reli... now within grasp.

This has important ... implications. If e... growth continues at the ... rate it is expected to ... stability of the kind tha... make it possible for Mrs. Gandhi to call off the ... Emergency proclaimed ... last year and also hold ... elections which were d... March.

India's oil industry ... brought under one ... according to Petroleum ... Malaviya. He has orde... restructuring of the ... should be completed by ... of the monsoon period ... September) and when ... done the resulting com... be the biggest in India.

There are at present ... panies engaged in the ... and marketing of petrol... ducts, and their m... intended to take advan... economies of scale.

هكذا صدر الأصل

Simon approves $500m. loan to New York city

BY JAY PALMER

NEW YORK, July 1.

MR. WILLIAM SIMON, the U.S. Treasury Secretary, this morning formally approved New York City's urgent requests for an immediate $500m. loan under the Federal Government's agreed seasonal-aid loan programme for the city.

This loan, the first tranche of a total $2.3bn. worth of Federal aid due to be granted over the next 12 months, once again averts the immedate danger of New York City bankruptcy by enabling Mayor Abraham Beame's administration to meet payroll costs and debt redemption falling due to-morrow.

The Treasury's approval of this Federal loan, which is to all intents and purposes a scheduled renewal of President Ford's original 1975 aid to the city, had been conditional on New York reaching an agreement with its municipal unions over a new 1976-77 wage contract.

Very late last night, after days of steadily increasing tension and reports that the unions had adopted a militant stand, the city was able to disclose a memorandum of interim understanding" with its 67 municipal union leaders. This averted the danger that the unions might strike to-day following expiry of their old contracts at mid-night last night.

The city's confrontation with its unions over the past couple of weeks was dominated by demands of the state emergency financial control board that the coming year's fiscal budget for the city be cut by at least $24m. The unions, for their part, were holding out for wage and cost-of-living increases.

The preliminary deal reached with the municipal union leaders yesterday is a very superficial one designed to clear the way for the Treasury loan. Although the unions have accepted the theoretical need for a $24m. cut in labour costs, no specific details of where these cuts should be made have been agreed.

Although Mayor Beame stressed that the budget savings would be made in eliminating fringe benefits now held by the unions, municipal leaders argued that the cuts could come through higher productivity or "new revenues." Both sides agreed, however, that the agreement called for a "no-extra cost contract."

Approving the Federal loan this morning, Mr. Simon noted the "New York City has made considerable progress towards the objective of fiscal and financial reform. The city's planned budget and its agreement with its unions," he added, "justifies our basic condition that there exists a reasonable prospect for repayment of the loan."

However, at the same time, Mr. Simon issued a stern warning that future loans will not be approved unless "New York City continues solid and consistent progress towards restoring its fiscal and financal integrity."

Noting that "events now unforeseen could require even more in the way of expenditure reductions," Mr. Simon urged the city and the emergency financial control board to carefully supervise and speed up implementation of its budget cuts.

Following Treasury approval of the new loan, six Congressmen demanded an immediate house probe of where the money was going asking the banking committee to institute an immediate investigation into New York City's finances, they said they were "shocked and dismayed" by the new loan.

Miki silent on U.S.-Japan trade

BY DAVID BELL

WASHINGTON, July 1.

MR. TAKEO MIKI leaves Washington to-day after a day of talks with Ford administration officials which touched on the Lockheed scandal, the size of the Japanese trade surplus and Sino-Japanese relations.

After an hour's meeting with President Ford, Mr. Miki told Japanese reporters that he had thanked the U.S. for supplying information about questionable payments by Lockheed in Japan and he said he had told the President he hoped the co-operation would continue.

The Japanese Prime Minister refused to be drawn on what was said about the size of the Japanese trade surplus with the United States which has approached $2bn. in the first five months of this year and threatens to exceed the $4bn. of 1972 which prompted calls for U.S. restrictions on exports from Japan.

American officials have made no secret of their growing concern at the size of this surplus, but it is not mimediately clear wht can be done about it short of restrictions on Japanese imports which would be difficult to impose in the middle of an economic recovery.

Mr. Miki said that Mr. Ford had strongly denied a Japanese newspaper report that the U.S. has agreed to establish full diplomatic relations with China after the November elections. Mr. Ford aparently said that no timetable has been drawn up for normalising relations with Peking.

The two leaders also discussed the use of nuclear technology for peaceful purposes and Mr. Miki said that Mr. Ford had praised Japan's decision to ratify the international treaty to control the spread of nuclear weapons.

Alaska pipeline cost up

ANCHORAGE, July 1.

ALYESKA PIPELINE Service Company has raised its estimate of the cost of the trans-Alaska oil pipeline to $7.7bn.

Alyeska, which is constructing the 800-mile pipeline, said the new estimate is 10 per cent. higher than the previous $7bn. January estimate. The initial estimate, made in 1969 was $900m.

Alyeska said the increased estimate stems from the effects of lower productivity than previously anticipated, additional material and associated freight and transportation, and additional construction equipment.

Alyeska also said anticipated re-inspection or repair costs as a result of current X-ray welding problems are included in the higher estimate. The figures also incorporate some contingency allowances based on projected costs experienced in scope and design changes over the past year, it said.

Reuter

Court says Pan Am TWA swap improper

By Jay Palmer

NEW YORK, July 1.

LAST YEAR'S sweeping exchange of key international routes by Pan American World Airways and Trans World Airlines was improperly approved by Federal regulatory authorities and must now be reversed according to a Washington Federal Court ruling.

The special three-judge Appeals Court said that the Civil Aeronautics Board did not follow required procedures in clearing the exchange of routes and that consequently the two large airlines must, within 60 days, restore service to the original patterns.

The agreed swapping of trans-Atlantic and trans-Pacific services by the two carriers was instituted in March 1975. Both airlines have credited the exchange as making "important" and "sizeable" contributions to their recently improved financial results in international operations.

The Washington Appeals Court, however, argued that the CAB failed to either hold public hearings on the proposed swap or seek required Presidential authorisation.

This morning neither of the two airlines nor the CAB would comment on the court's ruling. However, there is considerable speculation that the CAB, facing the incredibly difficult task of restoring the original services, plans to hold expedited public hearings on the issue and thus legalise the swop before the 60-day period is up.

Canadian Minister resigns

OTTAWA, July 1.

CANADA'S Environment Minister, Mr. Jean Marchand, has resigned over the terms which ended a nine-day strike of airline pilots. Mr. Marchand, a French-Canadian prominent member of Prime Minister Pierre Trudeau's Liberal Government, cited "errors of sufficient susbtance" in the settlement terms to justify his decision.

His resignation last night came two days after the Government made concessions to concerns for safety arising from a programme to expand the use of French in air traffic control in Quebec province.

Reuter

THE U.S. BUSSING CONTROVERSY

A court-ordered muddle

BY DAVID BELL

NO SINGLE issue in the U.S. with the possible exception of abortion stirs greater passion than bussing—the transporting of black or white children in order to achieve racial balance in schools. It has been just below the surface all through the primary campaign, but only in Massachusetts did it make a real difference to the primary vote. There' fierce anti-bussing sentiment gave Mr. George Wallace a last triumph to savour when he carried the city of Boston, long regarded as one of the most liberal cities in the country.

Boston is still the focus of the controversy, although Governor Wallace's success proved to be very short-lived. His demise as an active candidate has left the anti-bussing forces without even one Democrat who fully shares their views, and they may turn to the Republicans this autumn. President Ford has been assiduously trying to keep the issue alive, partly because he hopes for a rich harvest of anti-bussing votes in November, but partly because the whole issue has become entangled with the courts to such an extent that it threatens to become hopelessly muddled in the months ahead. A long time foe of court-ordered bussing, Mr. Ford believes that the practice should have very definite limits and should not be ordered at all in cases like Boston where schools only reflect the segregation existing in city neighbourhoods.

After unsuccessfully trying to use bussing as an issue in the Kentucky primary, Mr. Ford has sent to Congress a plan which would virtually end forced bussing except in cases of "positive" discrimination where school districts are found deliberately to be excluding black or other minority children. The proposals have not been warmly welcomed even by the leaders of Boston anti-bussing groups who brushed them aside as opportunist and cynical and noted that Mr. Ford had 20 years in Congress to introduce a similar set of measures and never did so.

But while Mr. Ford is at least trying to suggest that all is not well with bussing, the Democrats have been skating around the entire issue. Mr. Jimmy Carter, the presumptive Democratic presidential candidate, says he opposes compulsory bussing, but does not think the Constitution should be amended to ban it altogether. In its policy statement for the convention, the party follows this lead faithfully and seems to be hoping that the issue will go away, at least until after the election. The Democrats' ability to take this attitude is largely a result of the fact that the persistent intervention of the courts has taken bussing out of the simple party political arena. Politicians of all persuasions are safe in blaming the courts for something their constituents do not like, and Congress has hurried very slowly to do anything about bussing.

Since the Supreme court first ruled in favour of bussing in 1971, taking its landmark decision in 1954 in favour of the desegregation of schools a step further, judges in both North and South have ordered the bussing of children chiefly on the grounds that single colour schools violate the constitutional guarantee of equality of education for all citizens. The court ruled in June that the 3,500 private academies that have sprung up in the South in an attempt to beat bussing have no right to exclude black pupils. Only days before Mr. Ford had said that he thought these schools, had such a right.

No one pretends that bussing is an ideal solution to the problem of the growing separation of white and black, which has a multitude of causes too numerous and too complicated to be susceptible of easy solutions. Yet the current legal muddle, which seems to be getting worse, is going to be of no help either, and may serve only to intensify the inter-racial bitterness that exists in the large cities.

But the court has not managed to speak with one voice on the issue, and there are signs that a legal muddle is in the making which may take months to unscramble. There also are indications that bussing itself may not be achieving all that the court hoped that it would. On June 28 the court handed down yet another bussing decision which observers interpreted as the beginning of an attempt to put limits on how far the courts can go in ordering bussing.

In Boston, the school system is now being all but run by a Federal judge who is guarded around the clock, and some 300 policemen have had to be brought in to enforce his decisions at one high school alone.

The latest decision said that, for the first time, the court recognised that a school district which has complied fully with one bussing order need not alter it year after year to maintain racial balance as the population of the school district changes. This decision raises many more questions than it solves, for in the past 20 years all major American cities have suffered a constant loss of white population as the white middle class departed for the suburbs—independent municipal units which have their own independent school systems in Boston.

In Boston, for instance, between 1972 and 1975 the number of white pupils fell from 56,800 to 26,200 while the number of black pupils stayed constant at 31,000. This "white flight," as it is called, saps the strength of ageing cities like Boston. As their tax bases shrink their problems increase. In the case of Boston the city can hardly even afford the cost of the current bussing programme, mainly because of it, school budget costs rose 46 per cent. last year. In the face of this, the latest court decision is profoundly unhelpful since it leaves open such questions as how long one bussing order should apply, what should happen when it expires and above all—what is the point of bussing in the first place if subsequent population changes effectively nullify the effect it is supposed to have.

The anti-bussing groups cite the confusion as a further reason why bussing should be abandoned, and those who support it are also beginning to have some second thoughts. For one thing, there are as yet no studies, save one rather inconclusive one from North Carolina, which show that bussing is benefiting children. This is partly so because educationalists believe it is too early to make a definitive study, and that the bussing programmes need more time to work. But it may also be because no one really knows how to start such a study and how to assess progress.

More important, the anti-bussing forces are well aware that sooner or later there is going to be a major crunch when the court grasps the nettle of integrating city and suburban schools. The first such order, affecting the comparatively small area around Wilmington, Delaware, was made in face of strong opposition last month, but will not come into effect for a year. Some cities, like Detroit, are awaiting the outcome of special studies, while Dallas is trying to come up with a voluntary plan.

Linking mainly black city schools with mainly white suburban ones will almost certainly cause so much tension that the present controversy could look relatively mild. Some blacks argue that it will not be worth it at all, and that it would be better to go back to the "head-start" approach of the 1960s when the Federal Government tried to come to grips with the problem of educating pre-school disadvantaged children. This programme was quietly abandoned by the Nixon administration in the early 1970s in all but name. Its supporters still believe that, given more time, it might have worked well.

Much of the impetus for the ending of school segregation and in turn for the actions that the Supreme Court took came from the threat of black violence. Since 1970 a curious stillness has settled over the black sections of the country's largest cities. The gap between black and white income is widening again and poor blacks appear rapidly to be losing the somewhat tenuous advantages they gained in the 1960s. Black teenage unemployment is well above the levels of the late 1960s, and the use of heroin and cocaine—a good indicator of despair—is above the fearsome levels of the past decade in some north eastern city ghettoes.

A good deal of this quiescence may be explained by saying that black Americans have won the easy battles—for the vote in the South and for control of city governments in the North. But they are no nearer finding a solution to problems such as those raised by bussing and seem, in fact, almost to be on the point of giving up.

No one pretends that bussing is an ideal solution to the problem of the growing separation of white and black, which has a multitude of causes too numerous and too complicated to be susceptible of easy solutions. Yet the current legal muddle, which seems to be getting worse, is going to be of no help either, and may serve only to intensify the inter-racial bitterness that exists in the large cities, not least because of bussing.

Mr. Carter, whose own daughter goes to a school which is more than half black, is fond of telling campaign audiences that "rich children don't get bussed"—and he makes vague promises of action of elected. Sooner or later it will no doubt be a politician who must cope with the problem, for the courts cannot handle it on their own and are not designed so to do.

EUROPEAN NEWS

Bonn law on worker control in force

By Adrian Dicks

BONN, July 1.

THE NEW LAW extending *employees' participation in the* control of their companies came into force to-day, to the accompaniment of resigned acceptance on the part of Employers' organisations and qualified enthusiasm among Trade Union leaders.

Under the new Law, some 650 companies with 2,000 or more employees must now make arrangements—which have to be functioning within two years—for half of the Members of their supervisory Boards *to be chosen* by the employees. Some companies are expected to opt for a general ballot system, while others will choose an indirect, "electoral college" method. Some of the supervisory Board *members will be named by* Trade Unions, and in larger companies at least one will be nominated, though not exclusively elected, by senior management.

The net effect of all the possible voting arrangements will be to give shareholders' and employees' representatives numerical equality on supervisory Boards, though t he Chairman will be invariably selected by the shareholders and will be able to cast a second, tie-breaking vote that ensures ultimate control by shareholders over their property.

The entry into force of the new Mitbestimmung Law coincides with the visit here of members of the Bullock Commission which is looking into worker representation in British industry. They were reported to be carrying out further visits to German companies and trade unions to-day before returning *to London to-morrow.*

New $8bn. preference scheme proposed by EEC

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT — BRUSSELS, July 1.

A SUBSTANTIAL enlargement in the scope of the Common Market's generalised tariff preference scheme (GSP) covering imports from developing countries has been proposed for 1977 by the European Commission.

If the Commission's proposals are approved by Member Governments, the value of industrial and agricultural imports accorded preferential treatment will rise to about $8bn. next year, or 42 per cent. more than *the roughly $5.5bn. provided for* under the current scheme.

These figures exclude imports from countries linked to the European Community through association agreements or by the Lome convention covering 46 African, *Caribbean and Pacific* states.

The great bulk of the proposed new GSP scheme is directed towards industrial products, including textiles, steel and petroleum products. The Commission is proposing that the value of these preferences be increased by 42 per cent. to about $6.5bn.

As regards agricultural products, Member Governments have already authorised an EEC offer in the framework of the multilateral trade negotiations in Geneva of an increase of 46 in the number of products covered to 296, with a total annual import value of $1.5bn.

Though the Community can now boast that 65 per cent. of its imports from the developing world now enter the EEC duty free, the $8bn. in total concessions *envisaged for next year far* exceeds the use which developing countries are expected to make of the scheme. The Commission itself estimates that next year the total value of goods entering the Common Market under GSP will amount to only about $4bn.

This will, none the less, represent a significant advance over the $550m. worth of goods imported by the six original EEC members under the GSP in 1971, the first year of the scheme. Customs duties forgone by member-States under the scheme are expected to rise to $375m. next year from an estimated $320m. this year and $70m. in 1973.

Of all the industrial products covered by the proposed new GSP scheme, the smallest increase is scheduled for textiles, imports of which are due to rise 4 per cent. by value and 5 per cent. by volume. The scheme *will be applied, however, only to* the duty-free portion of textile imports not covered by the multi-fibre arrangement.

The Commission has also been careful to propose only a modest 6 per cent. increase in steel imports from the developing world so as not to risk disrupting the recovery of the European steel industry.

Several concessions are proposed for textile exporters in the developing world, including an extension of GSP to all developing countries and territories except Romania. One of the principal exporters to become newly eligible for GSP treatment would be Hong Kong.

In addition, the distinction between cotton and non-cotton textiles is to be eliminated and a dual system will be introduced for particularly sensitive textile products. This would limit the extent to which highly competitive far eastern textile exporters, including Hong Kong, could benefit under GSP.

The proposed preferential scheme for next year provides for the concessionary treatment of a small quantity of petroleum products imported from oil exporting countries. At a Press conference this morning Sir Christopher Soames, the Commissioner responsible for External Affairs, justified the inclusion of the OPEC states under GSP on the grounds that, while many of them enjoyed high per capita wealth, none was industrially competitive with Western nations.

Sir Christopher said that the big overall increase planned for the GSP scheme next year resulted partly from a shift in the base year used for calculation of imports from 1971 to 1974. Within this general rise he said the Commission had sought to improve the trading terms offered the very poorest countries like India and Pakistan.

Report in Pravda on pledge by Russia

By David Satter

MOSCOW, July 1.

THE SOVIET Communist Party newspaper Pravda to-day reprinted the summary document of the Conference of European Communists and devoted almost its entire issue to publicising the Soviet pledge to adhere strictly to the principles of equality and sovereign independence of Communist parties and non-interference in their internal affairs. The coverage in Pravda of the conclusion of the Conference followed two days in which news of the Conference dominated the front pages of every major Soviet national newspaper. It lent further credence to the view of diplomats here that Russia has "come several *steps over" in its willingness* to recognise the autonomy of foreign Communist parties.

In the report on the Conference, which accompanied the text of the summary document, Pravda said that the European Communists decided in Berlin to dev hpleertio .evitheW4-.x to develop their internationalism, comradeship, free cooperation and solidarity. The despatch also mentioned, however, that the leaders of the European Communist parties recognised the outstanding Soviet role in preventing a new world war and said that an organic tie exists between the struggle for peace, in *which the Soviet Union plays* this outstanding role, and the struggle for socialism, which is to be characterised by national diversity.

Senior official stresses Nato defence priorities

BY ROBIN REEVES — BRUSSELS, July 1

CHARGES at this week's Communist summit that Nato is an aggressive military organisation were strongly refuted by a senior Nato official here to-day.

Outlining the defence planning and consequent military re-equipment priorities of the Alliance in the period up to 1982, Mr. Colin Humphreys, Nato Assistant Secretary-General, pointed out that these "force goals" for individual members of the Alliance clearly illustrated Nato's defensive posture.

The goals, which are the subject of a *biennial review*, aim to stimulate improvements in Nato forces where these are most needed to offset the increasing strengths of the Warsaw Pact forces. And Mr. Humphreys stressed that they had been drawn up not only with military requirements in mind but also were "rooted in economic reality." They could be met, he said, without increasing the percentage of GNP devoted to defence in the member countries of the Alliance.

For land forces, Nato's priorities reflect the defence *lessons of the 1973* Arab-Israeli war, notably the need to maintain adquate war reserve stocks and to improve anti-tank defences through the procurement of modern missile systems. Empasis is also being placed on protection against chemical weapons—a Warsaw Pact cabability viewed with increasing concern — improved electronic warfare capabilities and the wide introduction of *computerised systems.*

In the maritime arean, particular importance is being attached to anti-submarine capability and the "survivability" of surface vessels, both priorities reflecting Nato's concern with the greatly increased strength of the Soviet fleet. For air forces, the emphasis is on improvements in quality rather than increased numbers of aircraft. The goals include endorsement of plans for the introduction of modern aircraft equipment with self-protection electronic and infra-red counter-measures equipment to enable them to operate in a hostile environment and for the provision of active air defence against low-level attack.

Among the priorities for individual Nato members, one of Britain's targets is an improved anti-armour capability, including the equipment of more helicopters with anti-tank missiles.

An important Nato priority for the U.S. is described as "measures to ensure the earlier arrival of reinforcement forces in Europe."

Looking to greater Nato co-operaiton, rationalisation and standardisation in armaments production, the force goals call, among other things, for the introduction of a standard rifle for the 1980s, standardisation of weapons systems for F-16 aircraft, and the co-operation in improving electronic warfare capabilities.

Bitter words on Irish forecast

BY GILES MERRITT — DUBLIN, July 1

AN ANGRY row over the grim economic outlook facing Ireland broke out to-day between the Dublin Government and the Republic's leading independent economic advisory group, the Economic and Social Research Institute.

Finance Minister Mr. Richie Ryan this morning hit back hard at the Institute's July 1 quarterly review, which forecasts inflation *rising to 18 per cent.*, unemployment to 13.5 per cent. and GNP growth for the year reaching only a half per cent., rather than the 2 per cent. expected by the Government. He immediately criticised the report in the Dail (parliament) and later said it was "inaccurate."

The ESRI report is openly critical of the Dublin Government's economic policies, and particularly Mr. Ryan's January *Budget for 1976. But its chief* significance is that its publication coincides with the current disruptive bank strike and the final stages of the Republic's ill-fated national wage negotiations; the probability is that the trade unions will this week-end reject the relatively handsome 13 per cent. average rises being offered over the coming 12 months.

There are growing fears in industry that a decision by the 90-union-strong Irish Congress of Trade Unions to turn down the proposed pay deal on July 3 will *inevitably lead to a free-for-all* spate of wage bargaining in which individual unions will press their own claims backed by strike threats. In that case, the gloomy picture painted in the latest ESRI commentary will become comparatively optimistic.

Irish economists commented today that if free for all bargaining led to a summer of widespread labour disruption accompanied by inflationary wage deals between managements and the unions, the result would be inflation easily overtaking the projected 18 per cent. and registered joblessness going from the present 11 per cent. to much more than theanticipated 13½ per *cent. because of an inevitably* higher level of industrial failures and bankruptcies. The general view in Dublin that the 1976 national wage agreements will not be accepted by the ICTU was implicitly endorsed by Ireland's Premier Mr. Liam Cosgrave, when he opened the Dail adjournment debate yesterday. Deploring the trade unions' original rejection of the total pay pause he had called for six months ago, he said the proposed national deal was the best voluntary solution to the economic crisis.

Ireland's *deteriorating economy* now looks to be nearing the crisis point that industry and the Republic's senior economic analysts have been warning of during the past six months of bitter haggling over the national wage pact. Mr. Cosgrave's Government, faced with a long term population/economic outlook even more alarming than the controversial ESRI findings, has so far been unwilling to spell out the unpalatable facts, other than to warn that *Ireland's increasing economic* uncompetitiveness is now making its own domestic market vulnerable to Britain.

Zaccagnini proposes coalition

BY DOMINICK J. COYLE — ROME, July 7.

ITALY'S Christian Democrat (CD) Party has made its first tentative bid towards the formation of a new Government with an invitation to the Socialists (PSI) to join a coalition. This is coupled with an expressed willingness by the party to enter into a genuine parliamentary dialogue with the Communists (PCI) on policies, particularly where they concern the economic and social problems.

The proposition has come from Sig. Benigno Zaccagnini, the CD's reformist general-secretary, who clearly believes that his own *position* inside the party has been reinforced with the election last month to both the Senate and the Chamber of Deputies of a large number of new members.

His proposal, which may well not concur with the views of some right-wing elements in the party, including those of former *Prime Minister* and current party president, Senator Amintore Fanfani, has been made to sound—perhaps even by design—like a very generous offer to the PSI of a real partnership in the Government. This, despite the fact that the Christian Democrats have four times the parliamentary representation of the PSI.

The CD promise of a constructive dialogue with the Communists is also intended, as least initially, to satisfy the campaign demand by the Socialists that another CD/PSI alliance in government was impossible, unless the Communists were in some undefined way "part of the majority." It remains questionable, of course, whether a parliamentary dialogue with the PCI could by any stretch of the political imagination be interpreted as involving the Communists in the majority, even for a Socialist Party now trying to unhook itself from its own pre-election commitment.

Sig. Francesco de Martino, the PSI general-secretary, responded cautiously this evening by saying practically nothing about the Zaccagnini offer, but simply indicating that he did not expect any early meeting with the CD party secretary. However, most observers here will be surprised if the two men do not get together over the next few days.

Soares welcome for officers

BONN, July 1.

PORTUGUESE PRIME Minister-designate Mario Soares said here to-day that he saw no reason why military officers should not join a Cabinet under his leadership.

Following talks with West German Chancellor Helmut Schmidt and Social Democratic Party (SPD) chairman Willy Brandt, Dr. Soares told reporters he was not opposed to such officers.

"If they (the military) accept our socialist programme why shouldn't they join our Government," the Socialist Party leader asked.

Reuter

Policemen hurt in Polish riot

WARSAW, July 1.

TWO DEMONSTRATORS were killed *on Friday in the riots* in Radom which forced the Polish Government to reverse its plans for increased food prices, Polish television said on Wednesday night.

"Seventy-five policemen were injured, eight of them seriously, while restoring order and peace," the television quoted the mayor of Radom as saying. Damage amounted to over 100m. zloties, ($5m.).

The Mayor said that demonstrators led by hooligans stormed the local Communist Party headquarters and later burned it.

UPI

Radio interference

THE EEC, at the insistence of Denmark and West Germany, granted a general waiver to permit continued government pre-testing of electrical equipment for radio interference for the next five and a half years and not, as was incorrectly stated in the Financial Times on Tuesday, a waiver to several continental countries.

WORLD TRADE NEWS

Singapore Airlines buys Boeing 727s

BY OUR OWN CORRESPONDENT — SINGAPORE, July 1.

SINGAPORE AIRLINES (SIA) has signed a $Sing.110m. contract with the Boeing aircraft company of the U.S. for the purchase of three Boeing 727 aircraft together with spares.

The announcement of the purchase *deal ended months of* speculation on whether SIA would buy the Boeing 727-200 or the Airbus A300 to replace all its Boeing 737 aircraft and partly its 707s. Both the Boeing 727 and the Airbus A300 have been under intensive study by SIA since the beginning of last year.

The airline, which has been evaluating new aircraft types for its regional services and medium haul routes for the past three *years, said it selected the 727* mainly because its capacity of 140 (14 first class and 126 economy) was more appropriate for SIA's route pattern and schedules than the 232-seat A300.

The new aircraft will be delivered in October, November and December next year for use on SIA's services to Jakarta, Bangkok, Hongkong, Taipeh, Seoul, Manila, Colombo and Madras.

SIA has also taken an option on an additional six 727 aircraft for delivery in 1978 and 1979. The last time the airline contracted to buy new aircraft was in 1972 when it decided to acquire the Boeing 747 to meet the requirements of its long haul routes to Europe, Australia and Japan.

Its current all-Boeing fleet of 30 aircraft comprises five 747Bs, ten 707s and five 737s. One more 747B is expected to be delivered next year and is expected to be used to open a new route to the U.S.

SIA plans to eventually replace all its 707s and 737s with the 727 and other types. The 707, it said, is now nearing the end of its useful life in terms of technical development, operational economies and noise pollution while the 737 is too small for the future and suffers from relatively high operational costs.

$115m. order for Lockheed

By Our New York Staff

NEW YORK, July 1.

FOR THE third time over a period of 18 years the Australian Government has placed an order for 12 of the Lockheed Corporation's "work horse" plane, the C-130. The total cost for the planes is $115m., and delivery of the planes will be in 1978.

Australia is one of 38 countries to be using the plane, which was first flown in 1954, and first purchased by Australia in 1958. Improvements over the years include an increase in horse power from the original 3,700 to 4,500, and an increase in fuel capacity (thus increasing the planes' range) from 40,000 to 62,000.

The aircraft had its 1,400th delivery last month—at the production site in Georgia, just outside Atlanta, six planes a month are being produced. The C-130H, the current version of the craft, carries a payload of up to 43,761 lbs, in a cargo compartment 41 feet long. It is a version of the C-130 that has been used, for example, to deliver equipment to be used on the Alaska pipeline.

Australian steel quotas

CANBERRA, July 1.

THE AUSTRALIAN Government said it will extend tariff quotas on imports of *stainless steel flat products* until September 30, 1976.

The quotas on stainless steel hoops, strips, sheets and plates under one-quarter inch in thickness were imposed on November 1, 1975, and were originally due *to expire yesterday.*

Imports in excess of 17 per cent. of 1972/73 and 1973/74 imports incur duty 15 percentage points above the 28 per cent. general rate and 19 per cent. preferential rate.

Reuter

French Government questions Renault price increases

PARIS, July 1.

FRENCH FINANCE Minister, M. Jean-Pierre Fourçade, has told Parliament here he intends to set up an inquiry into car pricing practices after Renault's decision to lift the cost of its 1977 models by an average 4.9 per cent.—a step imitated, at least in part, by other French *manufacturers.*

M. Fourçade's main concern is to find out whether the State-owned company has held back on deliveries of this year's cars which will not be affected by the increases. Renault officials argue that such a move would be pointless since the year of their models was clearly marked.

Clearly, however, the real motive is to let it be known to industry that the authorities are not happy with an endless succession of car price rises, now that the manufacturers are allowed to set their own with*out prior consent from the* Government.

The fear has become sharper with the signs that inflation here is again gathering pace. Cars, in fact, have well outstripped the average rise in the cost of living in France, as measured by the retail price index. The aggregate increase in car prices *in the last 30 months* is around 40 per cent., against some 30 per cent. in the Index.

● Industry sources said Renault has about 30,000 of its 1976 models stil lin stock.

USSR considers rotary engine

TOKYO, July 1.

THE SOVIET UNION'S machinery export and import corporation has ordered rotary-engine components from Toyo Kogyo. The Soviets are also interested in purchasing advice about the setting up of a rotary-engine production plant, the Japanese company said.

The parts order, received in late May, is chiefly for engine seals, and is for enough material to build 400-500 vehicles. A Toyo Kogyo spokesman said prices and delivery dates are under negotiation.

Pulp recovery disappoints

BY WILLIAM DULLFORCE — STOCKHOLM, July 1.

THE SLOW recovery of the export market for pulp and paper has delayed a return to higher production and delivery rates at the Swedish mills until after the summer. But the upward trend is "absolutely clear," according to the June report of the Swedish Pulp and Paper Association.

There have been no appre*ciable price movements so far* this year, but the association predicts increases for paper and board in general during the second half. It also notes that chemical pulp suppliers have fixed their prices for the third quarter only, suggesting that they, too, will be looking for higher prices later this year.

During the first four months of 1976 the paper mills operated at a rate corresponding to an annual output of 4.7m. tonnes, while practical capacity is 1m. tonnes higher. The mills hold considerable stocks of both paper and board, but improvements have been noted in output and deliveries of *fine* paper, bleached food board, folding boxboard, semi-chemical paper and kraft wrapping paper.

The Swedish chemical pulp mills stopped or slowed down production on a scale equivalent to 4-5 weeks' full output during the first five months of the year and will cut production further by the equivalent of about three weeks up to the end of October. *Mechanical pulp* producers have experienced even heavier production cuts.

Pulp stocks at the mills have remained more or less unchanged at 1.3m. tonnes and may decline slightly as a result of the summer shutdowns. The order inflow is still characterised by short-term deals with requests for quick delivery, indicating that the buyers' earning power is not yet high enough to allow them to build up their stocks.

THE U.K. TRADE BALANCE IN 1975

	Imports £m.	Exports £m.	Balance £m.
Agriculture, forestry and fishing	2,253.6	308.0	−1,945.6
Mining and quarrying	3,902.6	132.2	−3,770.4
Food, drink and tobacco	2,768.3	1,258.3	−1,510.0
Coal and petroleum products	813.4	741.0	−72.4
Chemicals and allied industries	1,310.1	2,224.0	+713.9
Metal manufacture	1,474.4	1,085.5	−388.9
Mechanical engineering	1,604.9	3,174.4	+1,569.5
Instrument engineering	497.1	540.5	+43.4
Electrical engineering	1,419.3	1,837.8	+418.5
Shipbuilding and marine engineering	80.3	224.9	+144.6
Vehicles	1,434.2	3,035.5	+1,601.3
Metal goods*	1,522.7	1,650.0	+127.3
Textiles	937.8	923.4	−14.4
Leather, leather goods and furs	98.5	116.2	+17.7
Clothing and footwear	517.8	238.1	−279.7
Bricks, pottery, glass, cement, etc.	170.2	331.7	+161.5
Timber, furniture, etc.	661.6	109.9	−551.7
Paper, printing and publishing	1,019.3	397.9	−621.4
Other manufacturing industries	374.3	537.4	+163.1
Gas and electricity	1.1	0.4	−0.7
Miscellaneous (paintings, antiques, etc.)	130.0	174.0	+44.0
Residual (restricted items)	836.6	721.3	−115.3
TOTAL U.K. TRADE	24,028.1	19,762.4	−4,265.7

* Not elsewhere specified.

The table, taken from the current issue Trade and Industry, analyses U.K. trade in terms of industries, as defined by the Standard Industrial Classification, in contrast to the usual Overseas Trade Statistics classification. The figures are in £m. at current prices, with imports valued c.i.f. and exports f.o.b.

Soviets claim fall in shipping

By Our Shipping Correspondent

Highly controversial statistics pointing to an actual decline in Russia's dry cargo fleet have been published by leading Soviet shipping magazine, Morskoi Flot. The figures are viewed with scepticism by Western shipowners who regard the growing Russian merchant fleet with great suspicion.

The Russian merchant fleet is now the world's sixth largest and Soviet price cutting in various key trades is putting mounting pressure on Western shipowners who are fearful that the battle for trade could escalate as Soviet shipping continues to grow.

Examining the Russian figures, the British shipping weekly, Fairplay, argues that Morskoi Flot's claim that there was a 61,448 gross tons decrease in dry cargo shipping in 1975 is illogical in view of the total new ships delivered. This sector of Russian shipping grew by 300,000 gross tons a year in the 1971-74 period.

The Russian fleet stood at 18.6m. grt at the beginning of this year, comprising 195 passenger and cargo vessels, 2,154 dry cargo vessels, tankers and 2,933 fishing vessels.

Yugoslav pact

By Our Own Correspondent

BELGRADE, July 1.

YUGOSLAV SHIPPERS and shipbuilders have reached agreement whereby between this year and 1980 the shipping company will buy 62 ships and vessels *totalling 640,000* built by Yugoslavia's builders. The agreement covers the pricing method and related issues.

This agreement is a big step forward in relations between local shippers and shipbuilders. Until now the shippers had been buying mostly foreign ships while Yugoslav shipyards had been selling mostly abroad. This was due, primarily, to the fact that *foreign* shipyards could offer better credit terms. Yugoslav shipyards were able to compete on these terms when exporting but the same terms were not available to local buyers. This resulted in an absurd situation whereby Yugoslav shippers could not buy from domestic yards, which lasted many years.

The prices Yugoslav shippers will now be paying will be world market prices for an equivalent type of vessel, calculated on the basis of average prices in main shipbuilding countries plus the percentage of custom duties paid by shippers for *imported* components

THEATRES ARE CONTINUED ON PAGE 8

هكذا من الأصل

HOME NEWS

Manufacturers' stocks rise in first quarter

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

E LEVEL of physical stocks d by manufacturing industry jan to rise during the first irter of this year—rather n continue to fall as was in-ated by the preliminary ires published a month ago. 'he rise is shown in the re-ed figures made available yes-day by the Department of lustry. The extent of the ustment is not itself regarded significant, but it provides ther confirmation for the w that the level of stocks—ays regarded as a key lical indicator—has bottomed earlier than previously amed.

leveling out in stocks would consistent with other evi-ice of economic recovery uch the figures are being ated with a fair amount of tion.

'his is because the main nge in the first quarter, as l as the cause of the revision, a rise in work in progress, ch increased by £35m. (at 0 prices, seasonally adjusted) er a drop of £141m. in the vious three quarters.

'his is a less clear-cut indi-or of the stage of the cycle n materials and fuel which still falling in the first three nths of this year, for the fifth cessive quarter. However, recent import figures for e materials suggest that this trend *may have come to an end* in the second quarter.

Both the manufacturing finished goods, and wholesaling and retailing figures are little changed from the provisional estimates so that industry stocks as a whole rose by £14m. in the first quarter, compared with a provisional drop of £7m., and a decline of £491m. last year.

The detailed figures show that the food, drink and tobacco industry group was the only one to show a major fall in stocks, while the chemicals, engineering, shipbuilding, vehicle and textile groups all had moderate rises.

MANUFACTURING STOCKS
£m. Seasonally adjusted at 1970 prices

	Total	Materials and fuel	Work in progress	Finished goods
1973				
Q1	166	60	97	9
Q2	88	68	52	−33
Q3	46	37	51	−42
Q4	96	78	46	−28
1974				
Q1	−31	49	−12	−68
Q2	191	58	27	105
Q3	368	143	67	158
Q4	139	28	24	87
1975				
Q1	−4	−133	9	120
Q2	−112	−55	−44	−13
Q3	−204	−121	−66	−17
Q4	−66	−44	−31	9
1976				
Q1	16	−70	35	51

Distributors

In the distributive industries, there was a large rise in the first quarter in stocks held by dealers in coal and builders' materials and a smaller one by general wholesale distributors. These were partly offset by a fall in stocks held by dealers in industrial materials and machinery.

The revised figures for capital spending in the first quarter show very little change from the earlier provisional estimates. Manufacturing investment is now confined at 2 per cent. more in the first quarter than in the previous three months, partly for a number of special reasons distorting the seasonal adjustment. *Textiles, leather and clothing, the* engineering and residual other manufacturing groups show the steepest falls.

Only the coal and petroleum products groups and metal manufacturing industries invested more in the first quarter than their quarterly average for last year.

In the distributive and service industries, capital spending in the first quarter was about 3 per cent. below the level of the previous thre months and about 5 per cent. below the quarterly average of last year as a whole.

Chemical industry expects 5% more output this year

BY KEVIN DONE, INDUSTRIAL STAFF

THE RECOVERY in chemicals output, which began towards the end of last year, continued in the first three months of 1976, according to figures to-day from the Department of Trade.

But the rise of 1½ per cent. was a good deal less than in the previous quarter.

MPs have been told that, although there is now a clear upturn in trade for the £10bn. chemical industry, the road to recovery will not be smooth.

The Chemical Industries Association told the All-Party Committee on the Chemical Industry that, though recovery in export trade was already brisk, recovery in the home market was lagging.

Fears for the future of the industry's £800m. investment programme for this year were based not only on Price Code problems but on the unknown situation after August next year when the present phase of inflation control would be reviewed.

Over the next three years the chemicals industry would need £2.8bn. of investment capital plus £2bn. working capital. Uncertainty over the future might well affect the U.K. investment and joint venture plans now being considered by major overseas companies.

Chemicals output has been stimulated by the buoyancy of exports. The slow-down in the recovery rate in the first quarter suggests that the sharp rise in output in the previous quarter was a result of an end to destocking.

Home demand for chemicals was still rather weak in the early part of the year, especially for inorganic and other general chemicals, but the Department of Trade expects demand to strengthen in the second half.

Output is likely to show a 5 per cent. increase this year as a whole, with a further rise in exports.

In the first quarter exports rose strongly by about 15 per cent., the most rapid increase being in organic chemicals. Further small increases are expected through the fall in the value of sterling.

There was a 10 per cent. rise in the volume of imports in the first quarter, much the same as *the rise in the previous quarter.* Further increases would appear unlikely.

Slowdown in the rate of increase of output prices ended in the first quarter with prices rising slightly faster than in the previous quarter. Prices of materials and fuels bought by the chemicals industry rose by 3 per cent. in the first quarter.

On current prices not seasonally adjusted the provisional figure of industry's investment in the first quarter totalled £153m., against £169.9m. in the previous quarter.

PETROL WAR JUDGMENT

Novel legal principle

BY A. H. HERMANN

COURTS WOULD have an unprecedented discretion to *suspend temporarily a term* in a contract which is in restraint of trade if a novel legal principle expounded by Lord Denning, Master of the Rolls, gains wider acceptance. Delivering judgment, earlier this week, in *Shell v. Lostock Garage*, Lord Denning said that courts would not enforce such a contract if it operated unreasonably or unfairly in circumstances unforeseen by the parties at the time of its making.

The two other Appeal Judges sitting with him agreed with the decision reached in that particular case, but for different reasons.

They strongly opposed Lord Denning's novelty, holding that it would create legal uncertainty with the parties to a contract knowing neither when it ceased being enforceable nor when its *defect was healed.*

Lostock, a small garage tied to Shell by a solus agreement since 1955, found itself in unforeseen difficulties during the petrol price-war at the end of last year. It operated in competition with four other garages, two owned by Shell and two "free."

All four cut their price for four star petrol to 70p a gallon But Lostock could not afford to sell for less than 75p, as Shell continued to charge it the "pre-war" price of 68p a gallon. It asked Shell to enable it to sell at the same price, but without success. When its sales fell from 250 to only 35 gallons a day, it declared that it no longer felt bound by the tying agreement and started buying cheaper supplies imported by Mansfield Petroleum from Rotterdam.

Shell then began an action against Lostock, claiming that the tie was still binding and that Mansfield was inducing a breach of the contract. As a result, Mansfield stopped supplies and Lostock had no option but to buy from Shell, paying 68p but selling at 70p and thereby suffering a loss.

In the course of this action, Lostock discovered that Shell had been supporting the two garages nearby, enabling them to undercut Lostock.

Mr. Justice Kerr, who heard the case in the first instance, had held that the effect of the support scheme was "to inflict an unreasonable and unforeseen degree of hardship" on Lostock and that Shell was not entitled to enforce the tie by injunction so long as hardship was caused.

Both sides appealed against this decision. Lostock claimed that the tie was gone altogether and not only temporarily. Shell insisted that it remained all the time and that it was entitled to *injunction and damages.*

Confirming the decision made by Mr. Justice Kerr, Lord Denning said that in *Esso v Harper* in 1968 the House of Lords ruled that a *solus agreement was a* contract in restraint of trade. As such it came within the special class in which the courts could investigate whether the terms were fair and reasonable before enforcing them.

The test of fairness and reasonableness did not apply only to the time when the parties were making the contract, but—and this is the novelty—even subse*quent changes in circumstances* which could not be foreseen by the parties must be taken into account. The contract was valid but could not be enforced as long as it operated unfairly.

The two other appeal judges sitting with Lord Denning concurred that the decision of Mr. Justice Kerr should be confirmed but for more conventional reasons. Lord Justice Ormond would rely on the elimination of hardship caused by Shell to Lostock and Lord Justice Bridge on the classic doctrine of implied terms.

This required that terms were implied which prevented contractual absurdities—in this case such a discrimination which made it for the garage impracticable to continue in business.

This, of course, is a much less strict requirement than that imposed by Lord Denning who would suspend the contract as soon as it operated unfairly, even if business could continue.

Talks on improving supersonic transport

BY LORNE BARLING

LKS ON an improved super-ic transport, developed from icorde, are taking place ween the British Aircraft poration, Rolls-Royce (1971) McDonnell Douglas, the erican aircraft manufacturer.

Although discussions are at a y early stage, a joint study up has been set up to study advanced SST, according to Sanford N. McDonnell, presi-t and chief executive of the npany.

e said in London yesterday McDonnell Douglas had ady developed a new noise-ucing nozzle for the Olympus ine which powers Concorde-was intended that this would tested at Filton.

Ir. McDonnell expressed opti-m about the future of super-ic passenger flight, and said envisaged a development of existing engine powering the t generation aircraft. He ied there would be further discussion between the French and British Governments about development.

During his visit to Europe he will be discussing possible collaboration on a range of matters, particularly some form of Eurpean participation in its proposed DC-X-200 and a possible development of the French Mercure airliner.

While in Britain he is expected to offer British Airways *a more attractive deal for* the purchase of the long-range version of the wide-bodied DC-10 airliner.

Proposals to instal the Rolls-Royce RB-211 engine in the aircraft would be dependent, Mr. McDonnell said, upon British Airways buying the aircraft. It was estimated that BA would need 15 to 18 to complement its existing capacity on Boeing 747s.

He believed that a Rolls-*Royce-powered version of the* aircraft would improve its sales potential significantly.

PostOffice criticised on data communications

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

CALL for improved Post-e data communications ser-s and relaxation of its luct monopoly, has been e by the Computing Services iciation, which represents ain's computer bureaux and ware houses.

evidence to the Post Office ew Committee, established year by the Government, the ciation says data communi-ons should be identified as parate activity within P.O. communications. There ld also be freer competition een the Post Office's pro-s and those of independent ufacturers.

The Post Office should pay more attention to improving its products and should establish "a rational depreciation policy." This would help prevent the continuance of outdated equipment when new technology becomes available.

The association calls for a more effective Post Office sales approach in the data communications field, where a more appropriate billing system for customers "up to commercial standards" is urgently required.

It wants less fluctuation in price differentials between "private" (rented) telephone lines and the public switched network.

Watney and Truman devolve into nine

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

'NEY MANN and Truman ers, the brewing division of d Metropolitan, is to decen-se into a network of nine nal companies.

Allen Sheppard, chief itive, said: "The British market is largely a collec-of regional markets, so our ntralisation will get deci-nearer to customers.

t will motivate local manage-by giving them more rity. And to-day, every pany needs maximum in-ement from its whole work-which, I believe, these ier operating units will ve."

Each of the regional companies would have considerable autonomy and profit responsibility and would have its managing director and Board.

This, said Mr. Sheppard, is "a logical next step in the policy of controlled delegation which Grand Metropolitan has followed since take-over of Watney.

"In the past couple of years Watney has reversed the decline in its market share and boosted profits as a result. Regional products have been important in this and now the regionalising of management will guarantee continuing success."

Bank of Scotland to raise charges

BY MICHAEL BLANDEN

SONAL CUSTOMERS of the of Scotland face higher cur-account charges from the ning of August after Price mission approval for changes e bank's tariff.

e bank estimates that about of its personal customers are. ig no charges and will con-to have their accounts kept of charge.

e minimum balance required alify for free banking is be-ept at £50 each month. But hose customers who fail to this requirement in any h the charge for debit items ques or standing orders—is raised from 6p a time to

The bank is also revising its charges for business accounts, but these will continue to depend individually on the nature and usage of the account.

The move follows increased charges already announced by all the big four London clearing banks. The Royal Bank of Scotland said, however, that it had no plans to change its personal current account tariff, which offers free banking to customers who keep a minimum balance of £50 in a six-month charging period.

For others, the Royal Bank charges 6p a time for debit entries with an offset at 5 per cent. a year for any credit balances in the account.

HOME NEWS

BNOC moving HQ to Glasgow

By Ray Perman, Scottish Correspondent

THE BRITISH National Oil Corporation will be moving its headquarters to Glasgow in November and will shortly be launching a campaign to attract staff, it announced yesterday.

The arrival of the State enterprise in the city is being looked on with a scepticism not entirely of BNOC's making.

The decision to site the HQ in Glasgow was made before the corporation was in being, and the Government promised that 800 jobs would go with it.

Mr. Alastair Morton, managing director of the corporation, said yesterday that the likely maximum was 200 jobs, at least until 1980. The original over-estimate was based on misconceptions, he added.

The corporation is to occupy the top floors of a new headquarters block being built by the Scottish Amicable Life Assurance Society. About 33,000 square feet—twice the space BNOC now has in London—has been leased until the end of the century.

An office would have to be maintained in London, Mr. Morton added, and a presence might have to be established in Aberdeen, but he wanted to kill the idea that the corporation was not serious about the move. Important decisions would be taken in Glasgow.

The fact could not be avoided that the rest of the oil industry was based elsewhere, but he predicted that other companies would follow BNOC in shifting the industry's centre of gravity to Glasgow. Critics of BNOC have also suggested that it is finding difficulty in recruiting experienced staff from other oil companies. Mr. Morton said that the corporation had on file 500 letters from applicants for jobs.

Some were men with valuable experience who had retired early from other companies. Others were from young men who wanted to get in early to secure responsible positions with BNOC.

Norton Villiers factory hopes expiring fast

By Peter Cartwright

HOPES OF putting the Norton Villiers motor-cycle factory at Wolverhampton into competitive production again are expiring fast. But there is an increasing possibility that the adjoining industrial engines plant could again become viable.

None of the consortium which came forward with rescue plans for the Norton Commando has brought money, or the promise of it. Everything now hinges on whether two groups, one of them European, can be persuaded to come to the starting line to resuscitate the industrial engines factory.

Demand for the engines and especially for spares, is still surprisingly strong considering it is now 10 months since the plant was closed and the 1,600 employees began their sit-in.

In the last three weeks the action committee has been co-operating with the liquidator in releasing stocks and work-in-progress to enable motor-cycles and engines to be assembled.

Permits granted to builder of new town

By Quentin Guirdham

PLANNING PERMISSION has been granted for the first 600 houses of what is intended to be a privately financed new town at Mansfield Woodhouse, North Notts.

The backer of the project is Larkhill Developments, based at Weybridge, Surrey, and understood to represent private Channel Islands finance. Work on infrastructure has begun, and the first houses are scheduled for sale this autumn.

The final price for a town capable of housing 5,000 people is put at £20m. Planning approval on a proposed second 600 units will be decided shortly and the whole scheme will be spread over five years.

The site is on high ground close to the River Maun and about five miles from the M1.

BANK RETURN

	Wednesday June 30 1976	Inc. (+) or dec. (−) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	22,040,747	+ 3,851,378
Special Deposits	999,485,000	− [illegible]
Bankers	381,129,628	+ 16,400,900
Reserves & Other Accts	440,697,476	+ 50,469,828
	1,857,905,851	+ 69,633,105
ASSETS		
Govt. Securities	1,481,624,840	+ 9,080,000
Advances & Other Accts	272,984,366	+ 48,440,735
Premises, Equip't & other Secs	84,233,637	+ 178,727
Notes	18,850,755	+ 11,923,454
Coin	212,263	+ 30,189
	1,857,906,851	+ 69,633,105
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	6,475,000,000	+ 75,000,000
In Circulation	6,456,149,245	+ 63,076,546
In Bank'g Dept	18,850,755	+ 11,923,454
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs	5,716,398,260	+ 61,378,298
Other Securities	747,086,640	+ 13,621,702
	6,475,000,000	+ 75,000,000

Plans for higher gas charges rejected

BY ROY HODSON

AN ALL-PARTY Commons committee has decisively rejected proposals to charge higher prices for natural gas.

Both the coal and the electricity industries have been pressing for a tax to be levied on gas to bring the prices of all three fuels nearer each other. The issue was raised at the recent national energy conference and the plans are being considered by the Government.

But the Select Committee on Nationalised Industries, which has been examining gas and electricity prices, argues in its Fourth Report, published yesterday that consideration must be given to the domestic gas consumer.

At a time when the prices of all forms of heating have risen so markedly there will be harmful social effects if the price differential of the one relatively cheap fuel were reduced. The committee emphasises that it places "overwhelming weight" on that point.

The expansion of the natural gas system up to 1980, in a context of stagnant energy demand, requires the continuation of a vigorous commercial attack by the British Gas Corporation on competing fuels in both the domestic and the industrial markets. British Gas seems confident that the required increase in demand for gas could be achieved on the basis of market-related prices, the committee says.

Simplified

It recommends that the British Gas charges structure should be simplified by the amalgamation of the general credit and the gold star tariffs. A simplification in electricity tariffs, ending fuel costs adjustments as a variable factor in calculating domestic tariffs, is also recommended. Such a change may mean more frequent tariff adjustments.

The Government's recent booklet, Energy Tariffs and the Poor, is described in the reports as "not necessarily the last word on the subject." The Select Committee says that it does not necessarily accept the policy conclusions the Government has reached.

The Government's role in supervising the performance of the gas and electricity industries through the Department of Energy is criticised. The MPs are not convinced that the Government has the necessary independent capability to monitor and supervise all aspects of cost allocation and pricing policy by the two industries.

The Energy Department is urged to undertake a review of its resources of staff and expertise in those areas with a view to strengthening them.

The report states: "We regard it as crucial that the department should be in a position to form an independent view of (for example) cost allocation, and should not be solely reliant on information provided by the industries."

A section of the Select Committee's report dealing with payment and collection arrangements for fuel supplies was published on May 14. It suggests that the disconnection of gas and electricity supplies should be regarded as much more a last resort in future.

Fourth Report from the Select Committee on Nationalised Industries. Session 1975-76. Gas and Electricity Prices. Commons Paper 353 SO; £6.10.

Wave power could help fuel Britain in 21st century

WAVE POWER could be making a significant contribution to Britain's energy supply after the year 2000, says Dr. Walter Marshall, chief scientist of the Department of Energy.

But first technical and engineering problems associated with large-scale commercial exploitation of wave power must be overcome.

In the latest issue of the National Coal Board's journal, Coal and Energy Quarterly, he compares the merits of various schemes for wave and tidal power.

He says that while the unique features of the Severn Estuary—potentially one of the world's most suitable tidal power sites—cannot be ignored, it is less promising for the longer term than wave power or solar energy.

To go ahead with the simplest Severn Estuary scheme would cost at least £1bn. And the Central Electricity Generating Board estimates suggest that electricity from a tidal barrage scheme would not be competitive with that from nuclear or fossil-fuelled stations.

Dr. Marshall says that the environmental consequences of extracting a substantial quantity of energy from waves are not yet understood.

Scientists had no idea of the effect installations would have on the coastline near to the lines of generating devices, which themselves could be a hazard to shipping. Dr. Marshall adds that initial estimates suggest that wave-generated electricity would be somewhat more expensive than nuclear electricity.

30-year plan

● Britain's energy requirements should be planned on a 30-year basis and safeguarded from political interference, Sir Samuel Curran, vice-chancellor of Strathclyde University, says in another article in the same issue of the NCB journal.

In the early 1940s both politicians and scientists saw nuclear power as the new energy source but under-estimated the necessary financial investment and time scale. Several sensible, if optimistic, programmes were drawn up which might now be contributing three or four times as much electrical power had they not been delayed or reduced on several occasions.

Thirty years or so must elapse between a scientist's discovery of a new energy source and its reasonably substantial contribution to national needs but politicians seem reluctant to arrive at a long-term energy policy, Sir Samuel continues.

Some Magnox reactors have operated for 20 years, and decisions should have been taken ten years ago to build more of them, but attention was focussed on new and unproven reactors.

Following Magnox, says Sir Samuel, we must now make a choice of the next generation of reactors and abide by it for 20 to 30 years, by which time we could be ready to move to a still more advanced form of reactor, probably the fast breeder.

Sir Samuel criticises scientists as well as politicians for hesitations about investing in proven and established procedures.

British Gas to extend pipeline

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH GAS is to spend £81m. on an extension of its high-pressure pipelines to carry supplies of natural gas from the North Sea.

The scheme, covering nearly 400 miles of large-diameter pipelines, brings British Gas expenditure on the national distribution system to over £600m.

Some of the proposed new work will be carried out in Scotland where a third pipeline will be laid to Bathgate from the coastal reception terminal, now under construction at St. Fergus, on the north-east coast of Scotland.

Two lines have already been laid and commissioned in preparation for the arrival of gas from the Anglo-Norwegian Frigg Field next year and gas from Shell/Esso's Brent Field in 1979-1980.

A pipeline is also to be laid from a point near Wisbech to the north of Doncaster in order to make additional supplies of natural gas available in southern England.

Each new pipeline has been divided into sections for construction purposes and contractors will work simultaneously on each section. This means that the total project should be completed by the autumn of next year.

The contractors are: Cementation-CAPAG (92 miles); Turriff (81 miles); McAlpine Services and Pipelines (59 miles); Mannesmann Engineers and Contractors (53 miles); J. Murphy and Sons (49 miles); and NACAP (80.5 miles).

Energy consumption rises

BY RAY DAFTER, ENERGY CORRESPONDENT

ENERGY CONSUMPTION rose by 1.5 per cent. during the three months February to April, as against the same period last year. When the figures are adjusted for season and temperature the increase is reduced to 1 per cent.

Department of Energy statistics published yesterday show that the rise in natural gas consumption continued. In the first five months of this year the increase was 7.5 per cent. although the rate of increase slowed to 2.5 per cent. in April and May, probably due to the warmer weather.

Oil refinery production also rose, by more than 7 per cent. in the February-April quarter. Deliveries of petroleum products for inland consumption increased by a little over 1 per cent. While the demand for fuel oil was still lower than a year ago, the decline was much less marked than in recent quarterly periods.

Total deliveries of petroleum products used for energy purposes fell by about 3 per cent. in the first quarter of 1976 compared with the same period last year, the biggest falls being in deliveries to power stations (down 27 per cent.), gas works (down 54 per cent.), and the iron and steel industry (down 21 per cent.).

On a more optimistic note the Energy Trends report indicates that opencast coal production in May reached record levels. Output was measured at a weekly average rate of nearly 250,000 tons. Opencast production increased in the first five months of 1976 by more than 12 per cent. compared with the same period of last year.

Deep-mined production in the first five months fell by nearly 7 per cent. Overall production was down by 4.6 per cent. Coal stocks at power stations at the end of May stood at just over 17.5m. tons — 2.5m. tons more than at the same time last year.

Life offices set new commissions

BY ERIC SHORT

NEW premium-related commission scales on life assurance business are to be introduced on October 1, the Life Offices Association and the Associated Scottish Life Offices announced yesterday. Their members had reached unanimous agreement on the move, they said, indicating that the disagreement between certain life companies over the maximum amount to be paid has been settled quickly and amicably.

Life companies have been discussing for months a new basis of paying initial commission to replace the current one of £2 for each £100 of the sum assured. Under this system the commission payable on whole life non-profit contracts on young lives can be three times as much as the first year's premium, resulting in undue selling pressure by some brokers and agents for these contracts. Last July the companies announced a new scale based on the premiums of 2½ per cent. for each year up to a maximum of 60 per cent. and had scheduled this to start yesterday.

Opposition from two leading companies—Friends' Provident Life and Sun Life Assurance—over this maximum figure, which they considered too low, led to the postponement of this scale while the companies reconsidered the situation. The result is that an additional amount of initial commission can be paid at the option of the company on whole life policies only—a contract where the policy money is paid on the death of the investor—during the second year up to a maximum of 30 per cent. of the premium, bringing the maximum up to 90 per cent. If the option is taken, no renewal commission will be paid after 20 years.

Mr. Alan Teale, secretary of the British Insurance Brokers Council said that these proposals were acceptable to insurance brokers, being marginally better than the original scale. The Friends' Provident and Sun Life both expressed their content with the scale which they were now prepared to operate. Sun Life, however, would have preferred the extension to apply to all the longer term policies rather than just to whole life contracts.

Equity and Law Life Assurance Society, the largest life company outside the LOA, stated that it was considering the new scale and hoped to announce its intentions in the course of the next few days. Originally the company intended to change to a premium related scale at the same time as Association members, but its maximum commission was 125 per cent. of premiums.

Shiprepairing recovers

BY OUR SHIPPING CORRESPONDENT

SIGNS THAT Britain's shiprepairing industry is emerging from the sharp recession which began towards the end of last year have come from London Graving Dock, a major shiprepairer on the Thames.

With sales in the first quarter of the financial year reaching £23m., the company claims it could achieve a record profit this year if trade continues at present levels.

It is scheduled for nationalisation under the Government's legislation. Mr. Donald Crighton, the managing director, said yesterday the Government would be acquiring "an active viable business which, if properly operated, will produce substantial returns on capital employed for the future."

Food bill lowest for council tenants

COUNCIL HOUSE tena[…] generally pay lower prices […] food than other households a[…] obtain the least amount of p[…] duce from gardens and al[…] ments, according to the la[…] report of the National Fo[…] Survey Committee, publis[…] to-day.

For the first time the surv[…] which covers spending in 19[…] shows differences in food spe[…] ing and nutrition according […] whether the household was u[…] rented, furnished, mortgaged […] owned dwelling.

Council house tenants sp[…] more on canned convenie[…] foods and ate more white bre[…] processed meats and cooking […] than other households. T[…] had by far the highest level […] consumption of potatoes.

Their purchases of fried […] chips, margarine, sugar and […] were well above the natio[…] average, while they were […] lowest consumers of milk, cre[…] cheese, flour, wholemeal bre[…] coffee and branded food dri[…]

Housewives

Housewives renting pri[…] furnished accommodation p[…] the highest level of food pri[…] They also spent the most […] convenience foods, especi[…] frozen foods, and were e[…] with council tenants with […] highest spending on can[…] foods.

Owners of dwellings, […] tended to be elderly and c[…] less, spent much more […] others on food overall and […] seasonal foods, but the l[…] on convenience foods.

People still paying off m[…] gages bought their food […] below-average prices, and […] sumed a lot of frozen fish […] vegetables, cream poultry […] fruit, but less than average […] lamb, bacon, eggs, pota[…] fresh greens, bread, cakes […] tea.

Airlines try to beat overbooking

By Michael Donne, Aerospace Correspondent

Major international airl[…] including British Airways, […] meeting in Geneva to di[…] ways of solving the problem […] overbooking and "no-show[…] twin plagues that are ca[…] the scheduled air tran[…] industry considerable adm[…] istrative difficulties and fina[…] losses.

While public interest has […] centrated in recent month[…] the overbooking problem […] situation where passengers […] ing valid tickets for a […] are off-loaded because […] already full—the airlines […] that it is a two-sided issue.

They argue that overbo[…] is their natural defence ag[…] the "no-show"—the pass[…] who books a seat, usuall[…] telephone, and then does […] claim it. No-shows have […] estimated to cut U.S. a[…] revenue by 10 per cent.

The number of passenger[…] loaded because of overboo[…] however, is considerably […] than that—less than one […] of one per cent.

Confirmation

The airlines have al[…] tried to overcome these […] lems by insisting on "r[…] firmation"—requiring pa[…] gers to confirm their journe[…] hours in advance. This […] helped to cut down the no[…] problem on many interna[…] flights.

The airlines, under […] auspices of the Internation[…] Transport Association, are […] ing rules which can be ap[…] internationally to cover […] these problems.

Their position is difficu[…] cause of the widely varying […] requirements in different […] tries. Some, such as the […] have proposed compens[…] schemes for overbooked pa[…] gers, but there are stil[…] punitive schemes in operati[…] cope with the no-show pass[…]

Guernsey drops £9m. land project

By Our Correspondent

GUERNSEY'S PARLIAM[…] yesterday abandoned fu[…] study of a proposed multi-m[…] pound land reclamation p[…] off the island's east coast be[…] of the cost.

The scheme could have […] vided 330 acres for £9m., i[…] estimated in 1974. Prelim[…] plans included providing a[…] acre reservoir and lake, […] passenger terminal, a new […] and promenade, underg[…] car parks, a fishing harbour […] offices and commercial de[…] ment.

Weekly contributions to […] island's pharmaceutical sc[…] currently 49p, are to ri[…] November to 74p and to […] year later. The idea of fin[…] support from tax revenues […] firmly rejected, although […] were told that the cost of […] could top £1m. in 1978.

The scheme will be in[…] gated to see if costs ca[…] reduced by limiting benef[…] "those really in need."

Norvic steps in with work

MORE THAN 240 shoe wo[…] at Sexton Shoes, Norwich […] receive redundancy notices […] week, Mr. Ronald Henley […] receiver, said yesterday. N[…] the workers will be with[…] job Norvic Shoes is of[…] work for a substantial nu[…] of them. Agreements has […] be reached with the receive[…]

مكاناصل الأصل

هكذا صنع الأجل

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TEXTILES

Fibre much stronger than steel

FEW PEOPLE in the textiles and fibres industries expect to see any new types of fibres introduced over the next few years, at least nothing comparable with the "big three" which are polyester, acrylic and nylon. But what is likely is that many subgroups will be developed. This work will bring with it highly specialised purpose-designed fibres for specific applications.

A number of major producers are now working on different types of polyamide fibres which have both high strength and high modulus. These are for the most demanding industrial applications and for areas such as tyre reinforcement.

In Germany Enka Glanzstoff (British representative: British Enkalon, Enkalon House, Regent Road, Leicester 0533 27291) is involved in trial production of a new aramide fibre called Arenka at the Akzo Research Laboratories, Arnhem, Holland. Arenka is an aromatic polyamide which has extremely high strength and which will be used mainly for reinforcing rubber and plastics, as well as cable.

Compared with steel, which is commonly applied as a reinforcement, the new fibre—if compared on a weight-for-weight basis—is five times stronger. In addition it has low elongation (high modulus) which ensures high dimensional stability—even at high temperatures—and it has a much lower flammability level than other synthetic fibres.

First areas of application are likely to be in rubber composites such as tyres, hoses and conveyor belts.

Following on from these initial applications, the new fibre is expected to be used in production of lightweight, corrosion-resistant cables and for the reinforcement of plastic products that will have to withstand extreme loads.

A particularly impressive area of potential use is in the design of suspended roof structures. Inflatable buildings of various kinds will also probably be made from coated fabrics based on Arenka.

● HANDLING

Laser scans bar-coded packages

A MOVING BEAM device to detect and read bar-code patterns on packages moving at any conveyor or line speed is being made by Computer Identics Corp., of Westwood, Mass., U.S.

It uses a low-power laser to read both vertical and circular bar-code patterns. The scanner can be used with permanently encoded containers, pallets and other types of product carrier.

It is claimed to be the only scanner available with a 1 foot 6 inch vertical scan height at its window and up to 3 foot depth of field, used with retro-reflective codes. This depth of field can be positioned anywhere within the scanner's range of 10 feet. With non-reflective codes, the depth of field is up to 2 feet, and the operating range is 3 feet 9 inches.

The scanner will read bar-codes at tilt angles up to 25 degrees, and skew and pitch angles up to 45 degrees. It can operate between −18 and +55 degrees C. and at humidities from 5 to 95 per cent. A single cable links the scanner with the electronic decoding equipment.

Marketed in the U.K. by Techex, Braidley House, St. Paul's Lane, Bournemouth BH8 8HN (0202 293115).

● PROCESSING

Space-saver filters

PRESSURE filters from Advanced Water Services, of Penn, Bucks, will effectively remove suspended solids, iron and manganese from water and neutralise carbonic acid.

They require much less space or civil engineering work than gravity filtration plant and are easy to instal and maintain.

AWS pressure filters are supplied in fully automatic and manual types. The former go through a routine of air blow and water rinse at predetermined intervals. There are 15 standard modules with flow capacities from $4m^3$/hr up to $75m^3$/hr. The modules may be used as single filter, primary and secondary filters or as parallel filters.

Various forms of installation are possible, such as rinse with raw water, rinse with water from pressure storage tank, or rinse with water from clean water tank depending on requirements.

● ELECTRONICS

Reliability of colour TV sets

BLAUPUNKT (Bosch group) believes it is setting new standards with regard to reliability in colour TV. It is using a programmable test system designed by Teradyne.

Improved test reliability derives from increased individual measurements per module—on average 10 times as many as with conventional testers.

Simulation of extreme operating conditions and rapid detection of faults using on-line quality control, data capture and processing, together with exact fault diagnosis are further valuable characteristics. Test programs are retained on magnetic cartridges and are immediately available for re-use.

The system works with two test terminals in time-multiplex and time-sharing modes. Each terminal has a line printer on which diagnostics are printed when faults are detected. The time needed to switch to a different module is less than two minutes.

Production of interfaces and programs (hardware and software) requires from 30 to 60 hours dependent upon the type of module. Specific or grouped quality-control data can be called up to the VDU or printer at any time.

Experience, so far, with the equipment is impressive, according to Blaupunkt engineers who have ordered a second system, to be commissioned this summer.

J273B apart from TV work is also for performance testing and computer-aided alignment of the circuit boards, panels, and modules manufactured for radio and stereo sets.

The system allows unskilled operators to perform thorough testing with significantly higher throughput rates than previously possible. The result is a noticeable improvement in yield and quality at chassis assembly.

The unit can print out test results and error messages indicating the cause of functional failure.

Such information aids board repair and provides feedback for production and design improvements. Teradyne, Clive House, Queens Road, Weybridge, Surrey. Weybridge 51431.

Tester is easy to program

ACCORDING to Teradyne, the J401 TTL integated circuit test system is the first that "anyone familiar with IC's can learn to program in half-an-hour or less."

The new model is intended to eliminate programming as a barrier to widespread use. It performs full functional and DC parametric testing of TTL devices, logs any forced or measured function and plots any two parameters.

During programming the system interacts with the operator who merely follows directions presented on the CRT, fills in the blanks and accepts or rejects existing test programs. Test specifications can be set up using device data sheet limits or variations of the limits needed for specialised requirements.

There are five enclosures to the system: the communications console containing all programming controls, CRT, printer and magnetic tape unit; operator's panel; a test deck; the test package; and a power supply unit. Queen's Road, Weybridge, Surrey KT13 9XB (Weybridge 51431).

● COMPUTING

Floppy disc for any display

FLOPPY DISC memory that can be interfaced to any display or hard copy terminal is available from Sintrom Electronics.

Perex DynaTerm disc provides 315, 392 bytes of storage in single density or 630K bytes double density. Compatibility with the IBM 3740 offers 242K bytes per disc.

Two input-output channels are provided and each can independently select a rate from 110 to 9600 bauds. One point is for connection to operator I/O devices, such as a CRT or printer terminal, and the second point can be connected to the host computer either by hard-wiring or via modems.

A significant feature of the DDT system is that it enables unattended operation allowing data collection and transmission to be carried out at the lower-cost out-of-hours communication rates.

Sintrom, 2 Arkwright Road, Reading, Berks. Reading 85464.

ICL makes a mark in terminals

IN ANNOUNCING additions to the ICL 7500 terminal series, now two years old, the company has indicated that it has meanwhile sold more than 1,000 systems including almost 4,000 terminals. To date, 700 ICL 7502's have so far been delivered, and 280 remote batch 7503's have been delivered out of 350 sold.

The three new products include the 7503 model 15, an interactive clustered video system which can handle up to six terminals and four printers. It has a dual floppy disc system with capacity for half a million bytes, and can operate as a stand-alone device. A 300 lpm line printer can be added and store capacity is up to 40K-bytes.

Model 20 is a remote printing terminal with a 16K bytes processor, a 300 lpm line printer and a video console.

Model 25 is a remote batch terminal primarily for use where large amounts of data preparation using punch cards are the norm. It is meant for batch input where local control of data is important.

Key to the new products is ICL's new terminal processing language writen in a sub-set of Cobol and a new terminal cascade facility, a polling mechanism which allows up to three 7500 systems to work in duplex connected to one modem. The new 7500's have a further facility. This is an IBM 3270 emulator which gives would-be users more independence.

Tight grip on yarn packages

PACKAGES of yarns used in the textile industry differ widely in both size and shape. They can be wound on cores that are parallel or which taper—again there is considerable variation in dimensions and even in the degree of taper.

Mills throughout the world have learned to live with and accept these eternal variations and they are often reconciled to the need for rewinding yarns from different types of suppliers' packages on those that are standard for their particular mill needs.

The only problem with this—and it has been greatly accentuated by the use of synthetic fibres—is that each time a yarn is handled it is likely to deteriorate, be it ever so slightly.

Many companies have attempted to provide the trade with what are described as universal bobbin holders so that virtually any shape of package can be mounted correctly on a spindle and used without rewinding.

Now, for the first time, it looks as though an almost ideal solution to these problems has been found by a young British company called Scantec (Woodhouse Road, Todmorden, Lancs., OL14 5RN. Tel. 070-681 2055).

This group has designed and developed a completely new type of holder which operates pneumatically from the normal in-mill compressed air supply. The pressure required is minimal. The principle is very simple. At the base there is a group of four tapered "fins" that open to dimensions sufficient to accommodate virtually all the common types of packages.

Along the body of the holder, which greatly resembles a space rocket, there are two groups of four expanding arms pneumatically activated. In the rest position these align themselves close to the body of the holder. As a package of yarn is pushed on to the spindle these two sets of arms pneumatically expand and grip the inside of the tube or cone. The most interesting aspect of the holder is that the geometry is such that with the tapered base the spindle will automatically adjust itself to the shape of the tube that surrounds it even should this be damaged or deformed. Once in position the package of yarn is not merely firmly held, but it is held in precisely the correct position for yarn to be unwound from it. This has been a serious limitation of earlier attempts to build a universal holder.

The Scantec holder has been in use in certain British mills for some time and it has been found that in some operations it has been possible to write off all initial costs over a mere seven months, while the efficiencies of equipment fitted with the holders has been materially improved.

The company is now in full production and plans to show the holder at the forthcoming international textile machinery show in Greenville, U.S., later this year. It is felt that the simplicity of the new idea and its comparatively low price should open immense markets for it.

Many Continental machine builders have approved its use, particularly builders of shuttleless looms who have a need for such a device to hold packages of weft yarn of growing weights and which need to be pointing towards the floor for unwinding at high speeds.

Sheets made twice as fast

DOUBLING of production capacity in Dorma's sheet department has been made possible by the introduction of a new type of high speed folding and cutting unit linked with a conveying system.

Developed by John T. Hardaker, the machine automatically folds material from the roll into quarter widths, cuts to the required sheet length and then feeds the cut lengths to the conveyor which takes them to the machining section.

Cut lengths are automatically draped on hangers suspended from the conveyor. When a hanger is loaded to a pre-determined capacity, it is indexed automatically by its own weight and travels to a selected work station. Here the cut length can be machined without any need to remove it from the hanger.

The next move is to send hemmed loads to the inspection and packing department. Empty hangers return automatically to the folding and cutting section.

Patented, the novel cutting unit has allowed the equipment to turn out 30 cut lengths a minute, or three times existing speeds. It is a twin-blade rotary scissor able to cut the material in each direction of travel rather than one direction only as with current types of cutter.

Hardaker is at POB 35, Bradford BD4 8ST.

● INSTRUMENTS

Accurate density meter

DENSITY of liquids and gases can be determined in the very short time of one to two minutes per sample with the possibility of automatic measurement when using the sample changer which is available as an accessory.

Accuracy is ± 0.0001gm/cc. The equipment is moderately priced and may be used not only for the density of liquids but also for purity and concentration measurements and quality control. The sample size required is only ... ml and the apparatus may be used for continuous flow measurements when provided with an adaptor for pressure.

The principle is that the sample is introduced into a "U" shape sample tube which is electromagnetically excited to vibrate at its natural frequency. From the frequency change the density of the sample can be determined. Viscosity and surface tension of the sample do not affect the results.

Every two seconds a new measuring value is displayed and can be shown on an external printer.

If the automatic sample changer is used the samples are filled into 0.5mm vials placed in a magazine which automatically takes the sample, places it into the equipment and prints out the results.

Stanton Redcroft is at Copper Mill Lane, London SW17 0BN. (01-946 7731).

Shows the humidity or temperature

GIVING A digital readout of relative humidity or temperature, a dual-purpose meter has been introduced by Lee-Dickens, Desborough, Kettering, Northants. NN14 2QW. (0536 760156).

Fitted with a pistol grip, it can function as a hand-held instrument for probing test boreholes in concrete, or it may be inserted into ovens, kilns, drying machines and ducts for direct use in air and gases.

Using a thin-film capacitive humidity sensor, the meter covers from 0 to 100 per cent. relative humidity, with an accuracy claimed to be better than ±0.5 per cent. Response time is 1 second to 90 per cent. of final reading with a maximum hysteresis of ±1 per cent. for a 20-80-20 humidity excursion.

Temperatures over the range 0 to 100 deg. C. are sensed by a silicon semi-conductor device with calibration and linearity accuracies stated to be better than ±0.5 deg. C.

Readings are displayed on a 7.6 mm. high LED seven-segment display, and the unit is powered by rechargeable nickel-cadmium batteries.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

PARLIAMENT

Invest in Britain, Callaghan urges

BY JOHN HUNT

BRITISH COMPANIES were yesterday urged by Mr. James Callaghan, Prime Minister, to review their investment programmes to make sure that they were not putting into their overseas subsidiaries money which could be better invested at home.

Mr. Callaghan agreed with MPs that a higher level of investment was needed in British manufacturing and said this was one of the main items he would be discussing at the NEDC meeting next Wednesday.

Answering questions in the Commons, he strongly rejected suggestions that private consumption should be curtailed in order to avoid the need to curb public expenditure.

At the same time, he refused to be drawn into any further comments about Press reports that additional large-scale cuts in public spending are being planned for next year.

Mr. Martin Flannery (Lab., Hillsborough) told Mr. Callaghan that many of the difficulties besetting industry were caused by lack of investment. This, said Mr. Flannery, was being caused by investment overseas at the expense of British industry. He urged the Prime Minister to tell industrialists they must invest in Britain.

Priority

Mr. Callaghan retorted that with the publication of the new Price Code, conditions had been established for industry to invest more in order to create new jobs.

Overseas investment by British companies was a more complicated matter and frequently it had to be made from home profits in order to maintain plant and machinery in another country.

"But I don't want to take the view that there is no unnecessary overseas investment," he added. "Companies should review their overseas policies and see whether it is necessary, in order to maintain their share in overseas markets, to invest what they are doing at the present time."

Mr. Robin Corbett (Lab., Hemel Hempstead) reminded him that the Government's priority should be to get the unemployed back to work, and, in order to achieve this, the Government had to encourage investment in manufacturing industry.

The Prime Minister explained that he would be chairing the NEDC meeting next Wednesday and would hope to use the occasion to have further discussion with both sides of industry about the matter.

From the Labour backbenches came suggestions that it might be possible to restrain private consumption in order to avoid the need to make heavy cuts in public expenditure. This was firmly rejected by Mr. Callaghan.

He replied: "The levels of consumption in the private sector have been going down and the standard of living of our people has not been increasing in terms of private consumption, although the social wage has been increasing.

"I don't think this would be the right moment to cut people's standards of living in terms of private consumption any further."

The Prime Minister fended off questions from Tory backbenchers who again tried to grill him over the reports of further cuts in public spending. He argued that a whole range of economic factors had to be taken into account by the Government.

Some items of economic policy were being carried out with great success, and others without that same degree of success. The Government would have to get all these factors in their proper proportion.

Enterprise

On sterling, he drew the attention of Tories to the statement made in the Bundestag on Wednesday, in which the West German Chancellor had said Britain was making encouraging progress and was on the way to a new social consensus between the trade unions, the employers and the Government. The German Chancellor had said that this justified increased confidence in the pound.

Mr. Nicholas Ridley (C., Cirencester and Tewkesbury) reminded the Prime Minister that yesterday had been designated as Free Enterprise Day.

But Mr. Ernest Fernyhough (Lab., Jarrow) suggested that this would be a good occasion to ask how many applications had been received from companies seeking financial assistance from the State.

Mr. Callaghan said there was a clear place for private enterprise, particularly when it was standing on its own feet and making an adequate profit.

At the same time the Opposition should realise that a great deal of "so-called free enterprise" was dependent on the State for continuing aid to sustain itself.

Tory seeks Ulster security directive

A TOTAL of 583 people have been charged with terrorist offences in Northern Ireland this year, including 50 charged with murder, Mr. Merlyn Rees, Ulster Secretary said in the Commons yesterday.

There had recently been a number of terrorist attacks aimed at destroying places providing employment.

He was replying to Mr. Cyril Townsend (C. Bexleyheath), who asked him to give the Army and the police "a clear and precise directive" about their long-term role in the province.

Mr. Rees said that long-term policy had been reassessed, but must remain flexible. He would speak about liaison between the police and Army during to-day's Northern Ireland debates.

Mr. William Craig (UUUC Belfast E) said that recent attacks on the homes and lives of businessmen were a "sinister development" asked if there was any evidence to suppose they weer part of an overall plan.

Mr. Rees said that deevlopments such as this tended to wax and wane over a period of weeks. But he added: "Anybody who provides a list of 250 prominent businessmen in Northern Ireland with their home addresses, is providing a death list. I understand that the people concerned have apologised but if I were one of the families, apologies would not be enough."

Rees defends talks policy

MR. MERLYN REES, Ulster Secretary, yesterday firmly defended his policy of speaking to the Provisional Sinn Fein and said he would do so again if necessary.

During Commons questions, he strongly denied a suggestion by Mr. Ian Gow (C. Eastbourne) that these talks were "very damaging to the corale of the security forces."

Mr. Rees said: "My officials will talk with any lawful organisation in Northern Ireland, though no negotiations have taken place or will take place. I am not prepared to give details of meetings with individual organisations."

Sheldon denies Tory claims

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

LAST-HOUR adjustments to complete the committee stage of the Finance Bill were made by the Government in the Commons Standing Committee last night.

But the Bill will go back to the floor of the House for debate on the report stage with important provisions still to be inserted—notably the revised scales on which people will be taxed for their use of company cars.

With only a 12-hour break, MPs had been arguing since Wednesday afternoon over the new clauses on capital transfer tax set down by the Government and now included in the Bill, the changes to the section on business benefits in kind, not least the new clause on employee shareholdings, along with Ministerial assurances on the small loans concession.

Mr. Robert Sheldon, Financial Secretary, claiming that Ministers had shown their willingness to listen to all views on the controversial points in the Bill, was told by the Opposition at one juncture during the all-night sitting which ended yesterday morning, that the "stuffing had been knocked out of the Bill."

Rejecting this contention, the Financial Secretary nevertheless conceded that a number of Opposition proposals had been adopted in the changes made by the Government—particularly in the beneficial loan arrangement in clause 57.

In view of other changes made in the Bill, the controversial Clause 58 on shares issued to directors or higher paid employees on favourable terms was removed.

On the exemption of small loans from the Bill's provision for taxing cheap and interest-free loans, Mr. Sheldon said he was prepared to look again at the basis for the exemption in the light of further arguments put to him by the Tories.

At present, the proposal is that no charge will be levied where the interest upon the loan is assessed to be less than £50. This would assume that loans up to about £500 in a year would get the concession.

It was contended that the amount of the loan rather than the interest, should be the basis for the concession, and the Financial Secretary promised to look at this suggestion between now and the report stage

Premier pressed on SNP 'deal'

BY JOHN HUNT

THERE wee angry exchanges in the Commons yesterday ove the alleged "deal" between the Government and the Scottish Nationalists on the Bill to nationalise the shipbuilding and aircraft industries.

The row stems fom Tuesday night when the Nationalists voted for the Bill after Mr. Michael Foot, leader of the House, had promised that Scottish shipbuilding would have a separate entity under the nationalisation poposals.

Mrs. Margaret Thatcher, leader of the Opposition, yesterday asked the Prime Minister whether the deal with the Nationalists involved any change in the distribution of closures and redundancies between shipyards.

Mr. Callaghan replied that he had already told the boiler makers in Scotland that the shipbuilding industry would need to be contracted. But Mrs. Thatcher returned to the attack and claimed that Mr. Callaghan was dodging her original question.

There were angry cries from the Opposition when he said he could not answer her and would go no further than the undertaking given by Mr. Foot.

A warning came from Mrs. Winifred Ewing (SNP, Moray and Nairn) that as far as her party was concerned there had been a promise that the aircraft and shipbuilding industry in Scotland would be autonomous.

She hinted that the Government would ignore this at is peril and if there was any backsliding, the Scot Nats would not support the Bill on third reading.

There were angry cries from the Tories as she said: "The SNP expects a Scottish division autonomous underneath the Scottish Development Agency, as a firm commitment from the Government. There is a third reading on the Bill still to be faced."

Mr. Tom King, one of the Tory spokesmen on industry, later raised the matter during business questions. He said that after the concessions had been made on Tuesday night, the SNP had put out a Press release saying that there was a further significant agrement "which cannot be disclosed."

Mr. King also alleged that the release mentioned the possibility of a referendum among shipyard workers in Scotland to find out their attitude towards nationalisation.

Later, he unsuccessfully tried to get an emergency debate on the "deal" and said there was prima facie evidence of a 'secret' arrangement between Mr. Foot and some MPs without the knowledge or consent of other MPs....

..."This may have led to a vote having been taken in the debate under false pretences," he argued. "The House should be clear whether the deal has been reached or whether the Nationalist parties have been double-crossed by the Government."

But Mr. Foot assured the House that there had been no deal. He said during business questions: "There was certainly nothing agreed by the Government outside what I stated to the House during the debate. Any statement about agreements or referenda are completely without foundation."

HEADACHE FOR BOTH MAJOR PARTIES

Ulster MPs' voting power

BY PETER HENNESSY, LOBBY CORRESPONDENT

FEW PARLIAMENTS can have been as trying for party managers as the present one. On top of the traditional job requirements, two parts affability and one part menace, the party whip of the mid-1970s has had to acquire the skills of a statistician and the powers of a soothsayer.

Whenever a crucial, controversial vote is in prospect—like this week's resumed debate on the nationalisation of the aircraft and shipbuilding industries—it is time to get out the pocket calculator and to wrap a cold towel around the perspiring brow.

A particularly insistent source of headache for both major parties has been the voting intentions of the United Ulster Unionist Parliamentary Coalition. For Divine Providence, as Mr. Enoch Powell would put it (party whips would ascribe it to more blasphemous causes), has placed the eight Ulster MPs in a powerful, strategic position in this fractious, hung Parliament.

Alliances

Their unpredictability has led on both sides of the House to occasional accusations of political prostitution and squalid, secret deals. But, oddly enough, the level of political Billingsgate has been restrained in a manner that would rapidly change with the return of a Government with a clear majority.

For practical reasons, fastidious progressives have forsworn the temptation to denounce the Ulstermen as malign primitives from an alien culture. The Ulstermen, for their part, have soft-pedalled the more extreme cries of betrayal towards an uncaring and irresponsible Westminster. Given the strength of the parties, temporary and shifting alliances are a necessity for all sides. The niceties are observed and the channels of communication never entirely suspended.

The Unionists operate on the clear principle, in the words of their former Chief Whip, Harold McClusker, "of using our position in a balanced Parliament to negotiate a better deal for Northern Ireland. We have no intention of being the hack of either major party."

To illusrate the point, the Conservatives want and will receive Ulster Unionist support on pay beds and comprehensive education. The Govenment desperately want and will probably get their support (at least to the point of not voting against the Bill) on devolution.

On pay beds, the Unionists argue that private treatment is only available in public hospitals in Northern Ireland and there are insufficient resources in the province to establish an alternative source of supply should the Government get its measure through. About comprehensive education, they have grave doubts, believing that the grammar schools have been one of the most effective engines of social mobility in Ulster. The Tories have benefited, and will continue to do so, from these opinions.

On the other hand, the coalition is pledged to support the Government in its efforts to reduce public spending and have scant sympathy for what they see as an incoherent attempt by the Conservatives to have the best of both worlds on the economy.

And, unless the Cabinet rules out eventual parity of constitutional treatment for Scotland and Ulster, the Government can rely on the party's backing for devolution. Only on the guillotine motion, which Mr. Michael Foot is likely to introduce next spring to ensure that the Devolution Act is on the Statute Book by autumn, 1977, will the Unionists vote against the Government the ground that no minority party can condont such *force majeure* under any circumstances.

Whatever the degree of uncertainty about Unionist voting behaviour at Westminster since February 1974, one thing is crystal clear: They are no longer the unthinking amanuenses of the Tory party. There is more to this than just the trauma of direct rule since 1972 and the Sunningdale agreement the following year. They are very different people from the Unionists who brought aid and comfort to the Conservative whips for so many years.

There is precious little of the old squirearchy element of the Protestant ascendancy—of the O'Neills or the Brookeborough's—about Harold McCusker and John Dunlop whose links with their working class constituents could hardly be closer. Given this new element in the coalition, not to mention the influence of that most formidable of Tory apostates, Mr. Powell, there is no longer any guarantee of sympathy for Conservative causes.

No stunts

Nor is there anything soft or underbellyish about them. Their leader, Mr. James Molyneaux, who ran his family's printing business before becoming MP for Antrim South in 1970, explains this political austerity in terms of the single issue which dominates Northern Ireland politics.

Terry Kirk

Mr. James Molyneaux, the Ulster Unionist leader, seen by the statue of "The Burghers of Calais" at Westminster.

"Ulstermen have got to take their politics more seriously than their fellow citizens in, say, the south of England because the big political issue is to which nation you are going to belong—the U.K. or the Irish Republic. That concentrates the mind of people and leads them to adopt the same mental proces on any other issue. When they make up their minds, they don't do it from a concensus point of view. It's black or white," he says.

Mr. Molyneaux, a quiet, self-contained man, elected leader against his wishes as a counterpoise to the two domineering personalities of the coalition, Mr. Powell and the Rev. Ian Paisley, after Mr. Harry West lost his seat in October 1974, conducts himself along Attleean lines: "I'm not a showman. When they asked me to become leader, I told them "You're going to get no stunts." There are times when the most positive thing you can do is to sit tight and do nothing."

He sees the coalition's primary role as acting as the Opposition party to Mr. Merlyn Rees, Northern Ireland Secretary, and his team of Ministers administering the province under direct rule. His seven MPs are appointed to departmental responsibilities along Shadow Cabinet lines. As the province has no other elected representatives, this function is vital, he says.

Much is made of the instability of the coalition. Mr. William Craig, Vanguard leader, who broke with the Unionists last year over negetiations with the SDLP (which he wanted to continue), makes no secret of his view that they will split up in the summer if Mr. Paisley takes his Democratic Unionists out of the coalition formed to participate in the now defunct Northern Ireland Convention.

Mr. Powell's fear of a new, exotic Stormont that might weaken the Union with the U.K. is in well known contrast to the more fervent devolutionary sentiments of some of his colleagues.

Influence

But Mr. Molyneaux is confident they will carry on. Should the old Convention coalition break up, it need not affect the Westminster coalition as "they are out of business and we are still in business." None of them would countenance a revived Stormont that in any way jeopardised the union. If Scotland and Wales have their own assemblies, this possibility becomes more remote as Ulster would no longer be a unique case as in the days of the old Stormont.

"There isn't as much tension as some people imagine. Some people think I'm in a very hot seat here. My colleagues are all pretty hard-headed Ulstermen and they can all fight their corner, but they are all very loyal to me and to the coalition," says Mr. Molyneaux.

One thing is certain. None of them is keen to see the present Government replaced by a Conservative administration made up, for the most part, of what they derisively call leftovers from the Heath Government which took away their Parliament and contemplated their eventual fusion with the Republic. Nor will they take the risk of throwing away their highly prized influence until a general election is forced on them.

As Mr. Powell explains it, a slight smile of self-mockery breaking out as he puts on his "Arsenals of Divine Vengeance" face: "Given the balancing position in which God has placed us, we assume that Divine Providence had some deep purpose in providing us with a small, intelligent group of members whose presence may be necessary for the carrying or defeating of important propositions."

One suspects that the party whips are going to have to live with the consequences of Divine Providence for some time to come.

Next week's business

COMMONS business next week is:

MONDAY: Debate on immigration; Public Lending Right Bill, second reading.

TUESDAY and WEDNESDAY: Debate on pay and prices policy.

THURSDAY: Race Relations Bill, remaining stages.

FRIDAY: Debate on the first report of the Select Committee on Direct Elections to the European Assembly.

MONDAY (July 12): Private Members' motions: Development Land Tax Bill, third reading; Iron and Steel (Amendment) Bill, remaining stages.

Lords debates are:

MONDAY: Police Pensions Bill, committee; Adoption Bill, committee; Food and Drugs (Control of Food Premises) Bill, committee, debate on steps to reduce prison population.

TUESDAY: Weights and Measures (No. 2) Bill, report; National Health Services (Vocational Training) Bill, third reading; debate on Rhodesia.

WEDNESDAY: Education Bill, second reading or, if Bill not received from Commons, debate on inflation.

THURSDAY: Debate on the first report from the Joint Committee on sound broadcasting; Police Pensions Bill, Adoption Bill, Representation of the People (Armed Forces Bill), and Weights and Measures (No. 2) Bill, third readings; Divorce (Scotland (No. 2)) Bill, committee; Dangerous Wild Animals Bill, report.

Ennals advises on spending

By Donald Maclean

ARBITRARY reductions in National Health Service spending should be avoided, Mr. David Ennals, Secretary for Social Services, said yesterday.

But health authorities have been asked by the Department for Health and Social Security to review their management costs, he added.

Mr. Ennals said in a written reply that guidelines for the conduct of this review issued to health authorities included a standstill in management costs for this financial year, and the preparation of plans for restraint in subsequent years.

LABOUR NEWS

Mr. Dan McGarvey (second left), president of the Boilermakers Amalgamation, at the Department of Industry in London yesterday with workers insisting that there must be redundanies in the shipbuilding industry.

Leyland strike ends but threat remains

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

PRODUCTION of Jaguar cars at British Leyland's Coventry plant was back to normal on last nights night shift after the assembly lines had lost two shifts over an inter-union dispute over membership.

The disputes centres on seven press shop operators whose attempts to leave the Transport and General Workers Union for the Amalgamated Union of Engineering Workers, caused all 80 in the press shop to walk out on Wednesday. More than 200 other workers were laid off and another 2,000 struck in protest.

Day-long talks brought about a resumption but failed to resolve the problem. According to one report the group has been a divisive influence for some time and members of both the TGWU and AUEW have asked for them to be moved.

The Engineering union did issue a card to one of the seven, but withdrew it immediately it was learnt he was already a member of another union.

Elsewhere talks are going on to try to pacify workers at subsidiary component plants excluded from a raffle of five new Rover saloons at the £95m. complex at Solihull. The dispute cast a gloom over launch day of the new Rover 3500 for which orders worth £17.5m. have been placed.

The raffle of the five cars was a mark of appreciation for increasing output, but those making engines, gearboxes and other components downed tools for a time, claiming they had as much right to enter the raffle as assembly workers.

A wider threat faces all Leyland Cars factories in the Midlands as toolroom workers consider whether to renew sanctions that disrupted production at the Mini, Triumph, Rover and other plants in March and April, bringing weekly output rates down from more than 19,000 to below 13,000 and causing investment plans to be suspended.

Their grievance is over widening differentials. About 100 toolroom workers and 50 electricians at the transmissions plant in Birmingham have already begun to "black" machines operated by demonstrators, who recently got a £2.55 award, widening the differntial with toolroom-graded workers to £13.10. This dispute was only put on ice after the intervention of Mr. Hugh Scanlon, the AUEW president.

Dockers: 5,000 sent home every day

By Our Labour Correspon[dent]

THE TRADE recession [...] that each day last year [...] 5,000 of the country's dockers were surplus to re[quire]ments and sent home [...] between £7.20 and £12 a d[ay]

Figures published yester[day in] the 1975 report of the N[ational] Dock Labour Scheme sho[w] some 14.7 per cent. of dockers a day were withou[t work] last year and that des[pite a] costly severance scheme, [which] coaxed 1,700 men out of th[e Port] of London, the surplus the[re was] still 16.8 per cent. at the [end of] the year.

Coming just a few day[s after] the Port of London Au[thority] report showed that surpl[us] and dockers would cost th[e loss-]making port between £6[m. and] £7m. this year, the Nation[al Dock] Labour Board figures are [likely] to be seized upon by opp[onents] of both the scheme and th[e Gov]ernment's moves to exten[d it to] include all ports and many wharehouses.

During 1975 the to[tal of] dockers in the scheme dropped from 32,851 to[...] largely as a result of se[verance] payments of up to [...] although response to these [seems] to have slowed to a trickle. [As a] result the Board took u[p] £4.25m. of the £7m. Gove[rnment] loan made available to it. [Total] severance payments la[st year] totalled more than £10.3m.

● Birkenhead docks no[w back] to normal after the set[tlement] of a week-long strike [by] dockers over manning of cranes.

Equity and musicians

BY OUR LABOUR STAFF

BRITAIN'S two biggest intertainment unions yesterday announced their first tentative step towards a possible merger. Equity and the Musicians' Union launched a jont campaign to expand employment opportunities for their combined membership of 59,000.

Mr. Peter Plouvlez, general secretary of Equity, said the new body, to be called the Performers' Alliance, was "not a merger, although there is a possibility that it could be a step towards a complete merger. We are living together, as it were, but we are not married."

One of the Alliance's first actions will be a call for a restriction on the number of cinema films shown on television.

More cash needed for trainin[g]

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

INDUSTRIAL concerns are asked for further contributions to the training budget under proposals put forward jointly yesterday by the Department of Employment and its offshoot, the Manpower Services Commission.

The aim of the scheme (described in a discussion document called Training for Vital Skills) is to break the cycle by which training is cut during a recession, so leaving the nation short of the skilled manpower it needs to take full advantage of the subsequent boom.

To this end, the document suggests setting up a collective fund—provided partly by employers and partly from taxpayers' money—to finance a steady supply of people with basic training in skills identified as crucial to economic expansion. "We believe this is of the greatest importance to the country's future," declared Mr. Albert Booth, Secretary for Employment, when he introduced the proposals in London yester day.

Best means

He emphasised, however, that he had no intention of imposing the scheme on an unwilling industrial sector. It was being put forward in the hope that employing concerns would agree that the aim was in their own and the nation's best interests, and that collective funding was broadly the best means of achieving the aim.

If industry showed agreement, the fund would be used to finance the early stages of training in vital skills. The instruction would largely be provided by experienced companies, which would receive grants from the fund in return for training a larger number of youngsters than they required for their own payroll.

Return to levy

Which skills were crucial, and how many people were to be trained in them, would be worked out by consultation among all interested parties. The calculations would be based on pragmatic forecasts of the skilled manpower needed to sustain an achievable rate of economic growth, rather than on theoretical notions of manpower planning.

Even so, the document spells out a number of occupations in which an increase of skilled manpower is thought to be crucial to economic prospects.

Although no accurate estimates are yet possible of the extra cost implied by the proposals, the officials concerned with them apparently have in mind a sum of very roughly £100m.

As one possible method of raising contributions from companies, the document suggests a return to a compulsory levy on concerns within the scope of the industrial training boards.

Companies outside the Board's scope, but which would nevertheless be likely to benefit from the increased training, should also contribute to the fund, the document argues. But whether the compulsory levy principle be extended to them is [an] open question.

Mr. Booth and Mr. O'Brien, chairman of th[e Man]power Services Commissi[on,] stressed that they were [keen to] have employers, unio[ns and] other people concerned [com]ment on the proposals, w[hich are] available from the Dep[artment] of Employment's public [enquiry] office (8 St. James's Squa[re, Lon]don SW1Y 4JB). The [closing] date for comments Octo[ber ...]

The Property Market

BY QUENTIN GUIRDHAM

Land Tax concessions welcomed

The RICS is taking pains to stress the main concession the Government has made on Development Land Tax through changes as the Bill goes through Parliament. *The attempt to* stimulate the construction industry sooner rather than later may have been influenced by knowledge of the many developers who for some time have been deliberately holding off until August 1, the proposed "appointed day" for Development Land Tax. Though the Bill should get through Parliament in time for that date, there is an unconfirmed suspicion that administrative problems might *delay the appointed day to Sep*tember 1. Should that be so, it only causes more havoc in the *construction industry.*

The major change is that buildings begun between May 18 and August 1 will not be subject to any tax if let after the latter date. As the Bill had stood, the "first lettings" tax imposed by the Finance Act of 1974 would have applied to buildings begun before August 1.

Since buildings begun before the appointed day are not subject to DLT, it follows that buildings begun between May 18 and August 1 will *neither* be subject to DLT nor to the first lettings tax. What they will be *liable to is Development Gains* Tax, but not until the eventual sale.

The concession is, of course, a temporary one, but there could be a lot of starts this month rather than next. But as the RICS states, this can not in the long-term lessen the adverse effect that the higher rates of DLT are bound to have on development generally.

The other amendments wel*comed* by the Institution are the increase in the period during which double taxation relief is given from six to 12 years and the exemption from DLT on the disposal of a person's main residence. The Bill originally limited this to an acre of land, including the site of the house, but a larger area will now be exempted if it is required for *the "reasonable enjoyment" of* the residence. This change brings DLT into line with the rules of *Capital Gains Tax.*

Sun Life still not home

Nearing the end of its third month, the Sun Life-Artagen bid has now *run almost its full and* often bad tempered course. If Sun Life has to extend the offer again next Tuesday then it can do so only till the Friday before Takeover Code rules insist that enough is enough.

The issue is still close enough for Sun Life yesterday to issue a reminder to shareholders. That is hardly surprising when since June 23 it has only picked up another 600,000 acceptances, and 1.4m shares through pur*chases in the market. It has so* far gained 8.1m. of the 37m. shares it did not own. Even with *47.8 per cent. of the equity now* in the Sun Life camp the Artagen defence has cause to believe it could still win, maintaining that the institutional votes are not yet lost, let alone many of the small shareholders.

Mr. Philip Walker, the Sun Life chairman, stressed in yesterday's letter that acquiring 90 *per cent. of the uncommitted* shares and integrating Artagen into the Sun Life portfolio was the aim. He said later that failing this the possibility of liquidation the company through a scheme approved by the courts was an option which his company *was considering. That would* need 75 per cent. of the whole equity.

Whatever the final outcome, the significance of this bid will lie in how it influences other institutions in their bidding intentions toward property companies. This was, because of the £40m. funding agreement, a very special case. But general impressions often overshadow detail. Many will remember, even if Sun Life wins control, that it was led quite a dance by a singularly determined defence and that it finally had to offer terms above *asset value.*

Code boost for retailer-developers

If they take the view that Price Codes are here to stay for the foreseeable future, then Mrs. Williams' new Code proposals may accelerate the trend for retailers to do their own development. Even if the CBI wanted 100 per cent. of investment ex*penditure to be allowable for* passing on in prices, the Retail Consortium must be happy with 35 per cent. *It has calculated* that allowing shop premises for the first time would have doubled the value of relief to retailers even at the present 20 per cent. rate.

So that there would not be a whiff of encouragement for property speculators, a retailer buying a shop built by a separate developer will get no investment *relief. But a retailer developing* himself gets the maximum on construction costs.

There is also a new category of relief open to retailers in what could be called the structural side of fixtures and fittings—escalators, special frontages, etc., the sort of expenditure *which, for* instance, John Lewis incurred plenty of at Brent Cross. This would now qualify as investment (more usual fixtures and fittings are anyway allowed as an overhead).

Prince Radziwill's last development

Prince Stanislas Radziwill was overseeing the finishing touches on the block at 216/230 Blackfriars Road just before he died on Sunday. But the building could prove well timed, since after a lengthy planning period, it has come on the market at a time when anything new of 60,275 sq feet reasonably close to the City—this is about 100 yards over Blackfriars Bridge and in the Borough of Southwark, with its consequent rates advantage—is beginning to be in short supply. At one point in the development the Police requirement finally satisfied by Raglan's Putney block might have come here, and there was other interest from th eProperty Services Agency for a time, but *now the betting must be on a* commercial tenant.

Gerald Smith, who worked *with Prince Radziwill for the* last 15 years and before that with Felix Fenston, says he will "*lay money that we are out be*fore Christmas." Agents St. Quintin Son and Stanley seem *similarly confident. It is extra*ordinary what a change of attitude there has been in nine months among those with large units to let around the City.

The quoting rent for the block is £535,000 per annum exclusive.

The same interests involved in this development through Southwark Securities have a refurbishment of the old hop warehouse in Southwark Street being worked at the moment and have been involved in this bit of the south bank of the Thames as long as anyone. The other major scheme which Prince Radziwill leaves behind is the projected 83,000 square feet building on the corner of Monument Street and Lower Thames Street in the City.

His death marks a further break with the generation of varied characters who flourished on property in the post-war period, Radziwill's particular associates being Felix Fenston and Sir Francis Peek. His developments ranged from a new *British Embassy Church in Paris* (the 10,000 square feet of offices over the top being the bait) to *Lee House on London Wall,* named after his former wife, the sister of Jackie Kennedy.

OUT AND ABOUT

● The quarterly analysis of bank lendings showed a £26m. drop in the London clearers' advances to property companies between February and May, getting their total down to £913m. This, together with an overall drop of £2m. from the Scottish and Northern Ireland clearing banks, was sufficient to offset a rise in the "other banks" section from £1.874bn. to £1.88bn. So the May total, at £2.878bn. is £19m. better than February's and *compares with £2.973bn. in May* 1975. But it is still very slow progress.

● Automotive Products and Star Paper have taken 13,900 square feet and 11,350 square feet of *warehousing on the* Beacon Group development at Vale Road, Tonbridge. These two units mean half the scheme has now been let. The rent in both cases was above £1.25 per square foot. Anthony Lipton and Co. and King and Co. jointly represented the developers.

● The Pension Fund Property Unit Trust has bought the 100-year plus leasehold in the old Bovis headquarters, Liscartan *House, Sloan Street, London,* S.W.1. Bovis is still an occupier along with other P and O subsidiaries. P and O sold the leasehold (the freehold is Cadogan) and took back a long lease on the 30,000 square feet building. The trust was represented by Clive *Lewis and Partners and Jones* Lang Wootton.

● *What a moneyspinner the old* greyhound track at Brent Cross has proved since the dogs went. *There was £760,000 for 12 acres* needed for the shopping centre; £813,000 for other land sold to government for roads; and now £3.7m. for the free interest in the shopping scheme. Whether the £3.7m. can be used as any sort of guide to the thriving Brent Cross's value is doubtful. There was a very large aggravation factor on Brent Walker's *side, and anyway Hammerson* Property and Investment Trust and Standard Life Assurance *now have to sit down to nego*tiate precisely what Brent Walker's £25 of "B" shares in the £100 Brent Cross *(Hendon)* Joint Deveolpment Company represented. Some of the proceeds from greyhounds will be going into Brent Walker's Middle East projects, where leisure is taken more gently. At the El Shams Club, Cairo, where BW has 45 per cent. of the management company and 10 per cent. of the hotel equity, *they still play croquet.* That must, in sporting terms, be trading up.

● In Chelmsford, where market rent on new space is around £4, Britvic, a local company and subsidiary of Allied Breweries, has taken the 30,000-square-foot new block in Broomfield Road. This was one of the *Cavendish Land* schemes taken over and completed by Legal and General. Britvic has sub-let two of the floors, 6,700 square feet going to Royal Insurance and 6,750 square feet to Sun Life Assurance Society. Smith Melzack and Co. and *Taylor and Co.* acted for Britvic.

● *An abrupt change of use:* the United Jewish Friendly Society has sold the freehold of their headquarters at 46 Commercial Road, London, E.1, close to Gardiners Corner, to an Arab bank, the Bank of Credit and Commerce International, which is expanding *quite rapidly* in Britain. The total area is about 3,000 square feet, which includes basement, and though *the build*ing needed plenty of work on it, the price apparently got just into six figures. Leavers acted for the friendly society; Allan Pinnes for the bank.

● Healey and Baker reports on the "technological takeover of London's industry." Despite recession, high technology industries continue to move into London while heavy industry, faced with high wages and overheads, is attracted by the lower operating costs and Government grants in development areas. For the electronics, computers, chemicals and other technology companies, and for *warehouse users,* the west side tends to be favoured for motorway access and for Heathrow, *especially as many are foreign* companies.

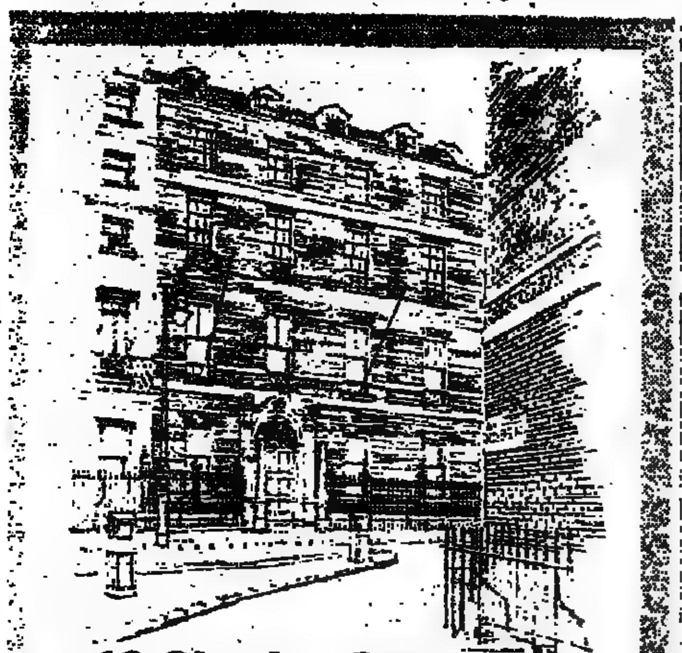
A 12-acre complex at Western Avenue, a former 100,000 square feet glass works at Park Royal and the old 110,000 square feet Rover car works at Fulham are quoted by Healey and Baker as *examples of this change in* which the agents have been involved over the last two years. They also introduced Me... as *tenants to the former* ... land site at Hayes, relieve... by Slater Walker.

The agents reckon that ... cent. of the lettings ... overseas companies and ... other deals at Langley, ... head, Tower Bridge and ... *where overseas companies* ... been setting up or expand...

The latest industrial ... quoted *concerns the* ... Whiley Group, which has ... around London for over 8... supplying gold leaf and ... printing purposes (includ... St. Paul's, Buckingham ... and the Royal Yacht) ... ploy 400 people. Whiley ... Livingstone, West Lothia... has instructed Healey ... Baker and Charles P. Jon... Son to dispose of two fa... at Ruislip and another at ... don. *The Victoria Road* ... plants are 30,000 squar... and 14,000 square fee... Beddington Lane, Croy... 34,000 square feet. There... to 20 per cent. of other ... modation. Pursuing the ... of argument, H and B ... anticipate firm interest ... American and European ... panies.

● *The freehold of* ... Street, London, S.W.1, a ... and office building let ... Eggs Authority *and the* ... Company on long leases ... the £41,500 a year exclusi... been sold for appro... £600,000. D. E. and ... acted for the developer ... vate family company; Clay... and Partners acted for ... chasing pension fund.

● Mackenzie Hill has m... first letting at its Sou... Road development, Leice... 21,000 square feet unit ... Borewell, makers of win... assemblies. An IDC was ... through the Leicester Pr... Campaign. There is other ... modation available now ... 20,000 to 200,000 square fe... 75p a square foot. Lettin... are Weatherall Green an... and Jarroms.



16 Charles Street, Mayfair

A magnificent Grade II listed building together with 14 and 15A Hays Mews and incorporating the fine courtyard

Formerly occupied by
The Guards Club

The main building comprises approximately 884 sq.m. net (9,515 sq ft) arranged on six floors.

The Mews House comprises approximately 390 sq.m. net (4,185 sq ft) arranged on four floors.

75 year lease at a low ground rent for sale by private treaty.

Joint Sole Agents
Knight Frank and Rutley
20 Hanover Square London W1R 0AH 01-629 8171

Debenham Tewson & Chinnocks
Chartered Surveyors
4 Hays Mews Berkeley Square London W1X 7RS
01-499 9152 Telex 883749

PHOENIX HOUSE LEICESTER
Office development

16,700 sq ft FOR SALE
OR WILL LET

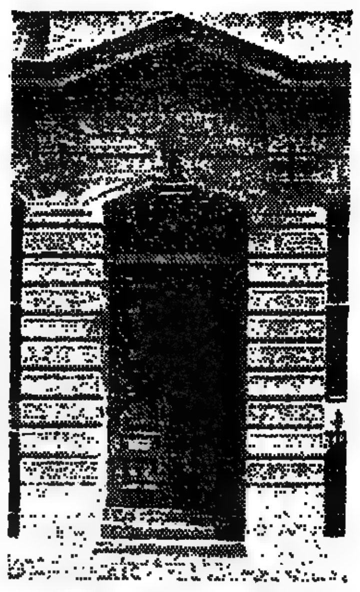
Superb building adjoining the new Civic Centre in New Walk.
Air-conditioning · Solar resistant glazing.

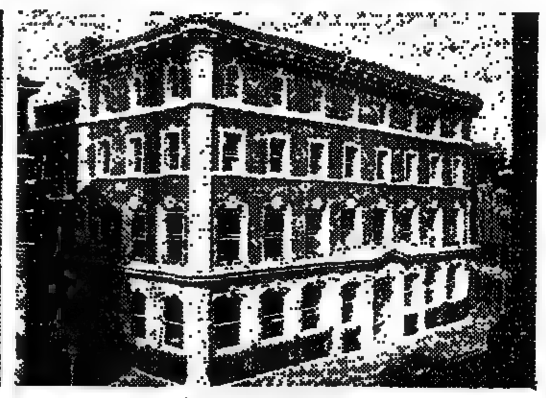
Joint Agents:

Jones Lang Wootton, Chartered Surveyors, 103 Mount Street, London W1Y 6AS Tel: 01-493 6040 Telex: 23858

Barrington Laurance, 71 South Audley Street, London W1Y 6HD Tel: 01-492 0141

Walker Walton Hanson, Chartered Surveyors, 5 Byard Lane, Bridlesmith Gate, Nottingham NG1 2GL Tel: 0602 54272





Style & Elegance
Prestige Headquarter Building
William House
26 King Street, London W.C.2
approx 10,800 sq.ft.
For Sale Freehold

Apply agents
Pepper Angliss & Yarwood
Chartered Surveyors
6 Carlos Place, London, W1Y 6LL
Telephone 01-499 6066

This beautifully restored renaissance style building is arranged on five floors. It has a listed façade and features an impressively arched entrance leading to an attractive and imposing reception. Amenities include air conditioning, automatic passenger lift, carpets and acoustic ceilings.

Probably the finest Office Accommodation in Croydon

10,400 sq.ft. Superlative, Air-conditioned Offices To Be Let

Richard Ellis, Chartered Surveyors
6-10 Bruton Street, London W1X 8DU Telephone: 01-499 7151
City of London, Scotland, Belgium, France, Holland, West Germany, Spain, South Africa, Australia, Canada, Singapore.

Richard Ellis

107/112
LEADENHALL STREET E.C.3

Bankside House

30,000 sq.ft. To Be Let

Ideally situated in the heart of the City of London, close to Lloyds and the Baltic Exchange

* AIR-CONDITIONING
* FIVE AUTOMATIC PASSENGER LIFTS
* INTEGRAL LIGHT FITTINGS
* CARPETING

Letting Agents
Hillier Parker May & Rowden
34/36 KING STREET, LONDON EC2V 8BA
TELEPHONE: 01-606 3851

12 Grosvenor Place SW1

Headquarter office building magnificently restored and refurbished
11,500 sq.ft. net approx.

To Let

* Air conditioning * Carpeted throughout * Light fittings
* Lift * Garaging * P.A.B.X. telephone system

CONWAY RELF
01 629 9100
CHARTERED SURVEYORS
44 ST JAMES'S PLACE LONDON SW1A 1NS

A renovation scheme by the Sun Alliance & London Insurance Group

A Ltd

IS FOR ACCESS
(handy for the M4 & M5)
IS FOR ACCOMODATION
(32,000 to 95,000 sq.ft. of newly built warehousing)
IS FOR ATTRACTIVE
(Ask Marks & Spencer, Sony and Tate & Lyle, who are already in Avonmouth what they think of it)
IS FOR ARTAGEN
(superb quality buildings at modest rents)
IS FOR

AVONMOUTH

Hartnell/Taylor/Cook
20 The Mall, Clifton, Bristol BS8 4DR Tel: (0272) 39061
Parnis Bird & Partners

Prime Office Site Central Leeds
With planning consent for 18,000 sq. ft. net
FOR SALE
For details Ref (REB)

CONRAD RITBLAT
Consultant Surveyors & Valuers
CONRAD RITBLAT & COMPANY.
Milner House, London W1M 6AA. Telephone: 01-935 4499.
PLANTATION HOUSE, FENCHURCH STREET, LONDON EC3. TEL: 01-623 7747.
SCOTTISH OFFICE: 3 ROYAL CRESCENT, GLASGOW G37SL. TELEPHONE: 041-332 3677.

West End of London Offices available

Conduit Street W1 Self contained office floors. To be let separately or as a whole	4th fl / 3rd fl	2,325 sq ft / 2,285 sq ft
Nascreno House Soho Square W1 Unique office suite. Entire 6th and 7th floors. To be let		2,066 sq ft
Hays Mews, Berkeley Square W1 Entire Period building completely refurbished. To be let		2,111 sq ft

Debenham Tewson & Chinnocks
Chartered Surveyors
4 Hays Mews Berkeley Square London W1X 7RS
01-499 9152 Telex 883749

By order of the
Governors of Radley College

42 acres freehold residential building land at Abingdon, Berkshire, with outline planning consent to be sold in two lots by Tender

Closing date for tenders
27th July 1976

Joint Sole Agents
FRANKLIN & JONES — Elms Court, Botley, Oxford OX2 9LP, Oxford 42666
DRIVERS JONAS — 18 Pall Mall, London SW1Y 5NF, 01-930 9731

ST. HELIER, JERSEY
Prestigious ground floor offices, ex banking hall, to let. Rent and lease by negotiation.
Telephone:
JOHN D. WRIGHT & PTNRS.
0534-33558/34435

CANBERRA HOUSE
MALTRAVERS STREET W.C.2

7,000 sq.ft.
AIR CONDITIONED OFFICES

TO LET

01-491 2768
Cluttons
74 Grosvenor Street London W1X 9DD

Refurbished air-conditioned office building—to let
10,000 sq.ft. approx.

CORNWALL HOUSE, DOVER STREET, W1.

* Fully carpeted * Light fittings
* Lift * Attractive reception hall
* Individual suites available from 2,800 sq.ft.

a development by FRENCH KIER

Further details from the joint sole agents:

CONWAY RELF 01 629 9100, CHARTERED SURVEYORS, 44 ST JAMES'S PLACE LONDON SW1A 1NS
clive lewis & partners, 01-499 1001

Offices
Office sites
Factories
Warehouses

Telephone:
0733-68931 Ext326
Chief Estates Surveyor
Peterborough Development Corporation
PO Box 3 Peterborough PE1 1UJ

FARRINGDON RD, LONDON E.C.1

SUPERB MODERNISED H.Q./COMMERCIAL BUILDING
sq. 20,631 ft.

* CENTRAL HEATING
* INTERNAL C.P.
* INTERNAL LOADING BAYS
* ALARM SYSTEM
* NEW GOODS LIFT
* EXCELLENT ACCESS

TO LET

Apply Sole Agents:
Edward Erdman
6 Grosvenor Street London W1X 0AD 01-629 8191
LONDON • PARIS • GLASGOW

FLEET — HANTS.
5.4 Acres Valuable Freehold Building Land
Planning Consent for 46 Detached Units
ALL MAIN SERVICES
AUCTION—21/7/76 (Unless Sold Privately Meanwhile)

MANN & Co
215 Fleet Road, Fleet (Fleet 3232)
or
1 Mayfair House, Town Centre
Basingstoke (Basingstoke 24556)

Solicitors
EDGE & ELLISON HATWELL PRITCHETT & CO
Rutland House, 148 Edmund Street
Birmingham B3 2JR (021 236 7022)

WAREHOUSE — WOOD GREEN
NORTH LONDON

13,000 sq. ft. warehouse/distribution unit plus 7,000 sq. ft. of parking space. Mainly single storey, complete with conveyor system and electric roller shutter door. Fully alarmed and in good general condition.

FREEHOLD £135,000 O.N.O.

Contact: Mr. MEYER 01-348 5787
BRITISH DISTRIBUTING CO.,
591, Green Lanes, Haringay, London N8.

UNDERWOODS
CHEMISTS, AUDIO & PHOTOGRAPHIC DEALERS

NOW REQUIRE PRIME SHOP/STORE UNITS IN CENTRAL LONDON AND WITHIN A 50 MILE RADIUS

OPTIMUM SIZE:
CENTRAL LONDON 1500-10,000 SQ.FT.
GOOD SUBURBS 4000-10,000 SQ.FT.

AGENTS GLADLY RETAINED.

CONTACT H. WOOLF 01-794 4032 OR B.P. KERNER 01-584 3296
205 BROMPTON ROAD, LONDON SW3 1LA.

By order of J. Lyons Estates Ltd.

BEDFORD
Modern Warehouse Premises
47,640 sq. ft.

* Attractive Offices * 22 ft. to eaves
* Good loading and Parking * Early Possession

Chamberlain & Willows
Estate Agents · Surveyors · Valuers
23 MOORGATE LONDON EC2R 6AX 01-638 8001

SOUTHAMPTON

Capital House East Street

Self Contained Air Conditioned

OFFICES TO LET

SQ. 44,500 FT.

CAR PARKING

REMAINING FLOORS FROM 6,300 SQ. FT.

Apply ref. D.L.B.

Edward Erdman

6 GROSVENOR STREET LONDON W1X 0AD 01-629 8191

LONDON • PARIS • GLASGOW

DYFED—WEST WALES

Celtic Sea Oil Exploration Area

The following freehold properties are all situated in the Milford Haven area and are well located to take early advantage of the potential offered by the forthcoming oil exploration activities in the Celtic Sea.

- ★ DALE. 108 acres ex Royal Naval Air Station providing useful grazing and including 5 hangars.
- ★ MILFORD HAVEN. 10.3 acres industrial/warehousing land.
- ★ MILFORD HAVEN TOWN CENTRE. 0.85 acre site with an excellent modern garage building, offices and yard. Potential redevelopment for a variety of uses.
- ★ BURTON. 18 acres good agricultural land with road frontage and with deep-water frontage to the Haven.
- ★ NEYLAND. 90 acres of agricultural land with farmhouse and a range of farm buildings.
- ★ HOUGHTON. Approx. 11 acres agricultural land with farmhouse and buildings, 3 acres with planning consent for residential development.
- ★ CARMARTHEN. 5.6 acres industrial land on fully-serviced estate.

All the above properties will be offered for SALE by PUBLIC AUCTION on 27th JULY, 1976, at HAVERFORDWEST (if not sold previously).

Sales particulars from the Auctioneers

J. R. Eve & Son

Chartered Surveyors

37 Queen Square, Bristol BS1 4QS. (0272)-20409

Also at: LONDON - BEDFORD - HITCHIN - LUTON - AMPTHILL

LONDON E.15

factories/warehouses with offices on main road (A11)

completely refurbished to a high standard

18,730 sq ft - SINGLE STOREY

24,810 sq ft - SINGLE STOREY with OFFICES on TWO FLOORS

or 43,540 sq ft AS A WHOLE

TO LET OR FOR SALE FREEHOLD

apply to joint sole agents:

King & Co, Chartered Surveyors, 1 Snow Hill, London EC1, Tel: 01-236 3000

MICHAEL KALMAR & Co, Bridge House, Queen Victoria Street, London EC4V 4EX, Tel: 01-236 6871

CORPORATION STREET, PRESTON

FREEHOLD PROPERTY FOR SALE

35,000 Sq. Ft. on 1.3 Acres

Plus 2.2 Acres Leasehold parking.

Former garage/workshop premises suitable for retail operation.

W BERRY TEMPLETON LTD PROPERTY CONSULTANTS

47, Great Russell Street, London WC1B 3PA

Telephone: 01-637 4577

Fenchurch Street EC3

2,800 sq.ft. approx. Offices To Let

in new self-contained building

JONES LANG WOOTTON Chartered Surveyors

33 King Street, London EC2V 8EE, Tel: 01-606 4060. Telex: 885557.

MAIDSTONE

(Close to Week Street)

VALUABLE FREEHOLD FOR SALE

A. Substantial Building with planning permission 2,000 sq. ft. Offices and

B. 2,500 sq. ft. Building at present squash courts

Further details apply Joint Agents:

Walter and Forknall, 30-32, King Street, Maidstone, ME14 1BY. Tel: (0622) 57225/9.

Porter & Cobb, 24, King Street, Maidstone. Tel: (0622) 671151.

Fully Equipped STEEL FABRICATING WORKS

Covered Area 95,000 sq. ft. Site 6.5 acres

Lofty modern Shop with overhead Craneage. Stock Yard. Shot Blasting Shop. Excellent Design Offices.

EDWARD SYMMONS & PARTNERS

56/62 Wilton Road London SW1V 1DH Tel: 01-834 8454

Modern Transport Depot BARKING, Essex

Extensive concreted yard

Close A.13

IMMEDIATE POSSESSION

5,900 sq. ft. on nearly ½ acre

TO LET OR MAY SELL

Chamberlain & Willows, Estate Agents · Surveyors · Valuers, 23 MOORGATE LONDON EC2R 6AX 01-638 8001

---

3 miles NORTH of the CITY of LONDON

SINGLE STOREY WAREHOUSE/INDUSTRIAL Premises with — PROMINENT OFFICES

Offices – 6,200 sq ft

Remainder – 18,000 sq ft

Total 24,200 sq. ft. approx.

FREEHOLD FOR SALE

May Divide or Let

CLOSE TO STATIONS-IMMEDIATE POSSESSION

Chamberlain & Willows, Estate Agents · Surveyors · Valuers, 23 MOORGATE LONDON EC2R 6AX 01-638 8001

Following the letting of 28-31 Essex Street We are instructed by Imperial Life Assurance of Canada

TO LET

36 ESSEX STREET W.C.2

18,600 sq. ft.

Air conditioned offices

Completion due July 1976

Sole Agents:

MELLERSH & HARDING CHARTERED SURVEYORS

43 St. James's Place, London SW1A 1PA

Tel: 01-493 6141

By Order of Mortgagees and others

AUCTION 14th JULY, 1976

(unless previously sold)

FREEHOLD PROPERTIES

VACANT POSSESSION

FREEHOLD PETROL FILLING STATION, SHOWROOM, WORKSHOPS, HOUSE and COTTAGE 61/69 (odd) STERNHOLD AVENUE, STREATHAM HILL, S.W.2

SHOP PREMISES: 147, LEE HIGH ROAD, S.E.12

HOUSES: 23, DREWSTEAD ROAD, STREATHAM, S.W.16; 32, PANMURE ROAD, SYDENHAM, S.E.26

LOCK-UP GARAGES: 2/8, MERREDENE STREET, BRIXTON HILL, S.W.2

FREEHOLD AND LEASEHOLD INVESTMENT (Including Furnished). Some Part Vacant. CLAPHAM, BALHAM, TOOTING, STREATHAM AND SURBITON

Particulars and Conditions of Sale from Auctioneers: WESTBURYS, 120 STREATHAM HILL, LONDON SW2 4RP. 01-674 2626

TO LET

WYTHENSHAWE SOUTH MANCHESTER

Modern Factory/Warehouse

33,000 Sq. Ft.

Close Motorway Complex

RACKIND GIBSON & CO.

Cornhill House, Fountain Street, Manchester M2 2AE

Tel: 061-834 0011

Joint Agents:

John Battersby & Son Tel: 061 832 8505

INTERNATIONAL PROPERTY

GENEVA

Office space available on fringe of banking area in Geneva.

2 rooms totalling 50 square metres approx. with shared secretarial and telex facilities and own telephone line. Write Box T.4363, Financial Times, 10, Cannon Street, EC4P 4BY.

DEVELOPMENT OPPORTUNITY

DUBLIN, IRELAND

BUILDING LAND FOR SALE

- Residential land with Planning Permission for 700/800 houses
- Significant commercial dimension
- Architectural service sold on
- Easy commuting distance to city centre
- Comprehensive sales advice service arranged
- Mortgage finance available for house purchasers
- Principals only need apply

Apply Box T.4359, Financial Times, 10, Cannon Street, EC4P 4BY.

SHOPS AND OFFICES

NEAR Finsbury Square

Modern Office Floor

2,600 sq. ft.

Marble Entrance Hall. Commissionaire, Lift, etc.

UNDER £3.50 per sq. ft.

01-434 1687

GUILDFORD

PERIOD OFFICE BUILDING

TO LET

Self-contained property in own grounds. Car Parking. New Lease. 5,200 s.f. Unrestricted planning user

Clarke Gammon and Raymond Wood

45, High Street, Guildford Tel: 72266

OFFICES TO LET BLOOMSBURY WC1

Units 300 to 3,000 sq. feet from £3.

Apply Box T.4361, Financial Times, 10, Cannon Street, EC4P 4BY.

OFFICES IN BRISTOL

Temple Colston House is a new prestige office building available for immediate occupation at a moderate rent. It is air conditioned and fully carpeted, solar glazed and has car parking and landscaped gardens. TO LET in units of 6,000-92,000 sq. ft.

For full details contact the sole agents: J. P. Sturge & Sons, Chartered Surveyors. Telephone (0272) 26691.

WARDOUR STREET W.1

About 3,000 sq. ft. storage/offices in basement with good loading facilities.

Rent £1 p.s.f. plus £1,000 for fixtures and fittings.

Apply:

DERRICK WADE & WATERS, Terminus House, Harlow, Essex. Telephone 0279-39191

AMERSHAM. Modern self-contained office building. 1,300 sq. ft., two floors (ground and first), central situation close to station and adjoining main shopping area. To lease or freehold available.—Details: SMITH & COMPANY, Tel. High Wycombe 38871.

S. DEVON, TORQUAY. Freehold Auction Rooms and Furniture Warehouse in central commercial area. Approx. 6,300 sq. ft. To Auction 23rd July. Waycotts, 5 Fleet Street, Torquay. Tel. (0803) 28061.

IF YOU MUST have a West End Showroom, why pay West End prices? Just off Regent St. luxuriously appointed ground floor and basement showroom, offices. Air conditioned, self contained £5,000 p.a. excl.—less than £5 per square foot. Available now 7½ yr lease, short let considered 01-328 1033 Mr. Guy.

FACTORIES AND WAREHOUSES

28,000 sq. ft. FACTORY DEVON

DEVELOPMENT AREA

Modern unit, built in 1968, including 3,350 sq. ft. 2.5-acre site with loading and parking.

FOR SALE OR TO LET

JOHN C. WEBBER & SON, Commercial Department, Barnstaple. 0271 75555.

Due to relocation

Northamptonshire

FREEHOLD FACTORY FOR SALE

51,000 sq. ft.

Fully equipped. Heated. Lift. Offices. Room for Expansion. Site area 2½ acres

Details from:—

SWINDALL, PENDERED AND ATKINS

19, Cambridge Street, Wellingborough. Tel. 76822

TOTTENHAM N.15

Modern industrial Premises for sale

5,000 sq. ft.

Single storey works.

Two storey offices.

Yard and Parking.

Phone Esher (78) 65567

STAINES, MIDDLESEX

FACTORY & OFFICES 7,500 SQ. FT. TO LET

Suitable for light engineering and electrical industry

Knight Frank & Rutley Telephone 01-629 8171

EXCELLENT WAREHOUSE SPACE

with ancillary office accommodation available near London Bridge. Skilled labour on site for loading and unloading, stock records and distribution service available for main centres in the U.K. and Continent.

For full details please ring 01-407 4455. Ext. 49/50/54.

PUBLIC NOTICE

PUBLIC NOTICE

Trade Indemnity have paid an undisclosed sum to Richardsons Developments Limited in an out of Court settlement and withdraw unreservedly, any suggestions they have made regarding Richardsons financial status. Trade Indemnity now recognise and acknowledge, that Richardsons Developments Limited is a respectably constituted private company and wish to apologise for any damage or harm which may have been caused to Richardsons Developments Limited through statements made by Trade Indemnity.

BUSINESSES FOR SALE

FOR SALE

Panamanian holding with a portfolio of the total capital assets of three Swiss joint-stock companies founded about twenty-five years ago and whose shareholders have been Swiss from the outset.

It is comprised of a joint-stock finance company with a considerable capital, a medium-sized joint-stock commercial company and a joint-stock real-estate company.

The total nominal capital shares of these companies amount to 5,850,000 Swiss francs.

The sole buyer of the holding may, upon completion of sale, and if he so desires, distribute shares and activities of these companies to other partners.

The sale is taking place due to the age of the vendors.

Enquiries will be answered only if accompanied by references and bank attestations clearly specifying that the persons concerned hold the capital required for this transaction, that is, eight million Swiss francs, payable in cash.

Please reply to: Box No. B 18-115239 Publicitas, CH1211 Geneva 3.

FOR SALE IN SINGAPORE

A fully equipped plant in Singapore engaged in melting and refining copper, brass and non-ferrous metal scrap and manufacturing copper ingots, copper wire, sections, tubes, cables and bushings.

For further details write to:—

PRICE WATERHOUSE & CO.

P.O. Box 164, Singapore 1

Telex: Rs 23039

Cable: Pricewater

Property People since 1899

Cinefilm Processing Company

FOR SALE

(as a going concern)

The company is trading and fully equipped. The sale will include all assets such as the Peterson "Cor" Super Panel Printer, processing machines, printers, etc., leasehold premises in South London and goodwill.

Bairstow Eves

Aldermans House, Aldermans Walk, Bishopsgate, London EC2M 3UL Telephone 01-623 1351

SOUTH LONDON

3 Shop Group trading in Modern Menswear with a T/O of £200,000 p.a. Full Management if required.

Exceptionally good leases.

Principals only write Box T.4364, Financial Times, 10, Cannon Street, EC4P 4BY.

TAX LOSS COMPANY

FOR SALE

Subsidiary company with losses for Capital Gains Tax purposes expected to be in excess of £1m., but not yet agreed, available for sale by quoted investment company.

For details:

Phone 01-499 8300

FOR SALE

Opportunity to purchase an expanding direct warehousing company based in Birmingham. Current turnover approaching £200,000. Trading profit in the region of 12%. Monday-Friday inc. Ideal for husband and wife team. 5 years audited accounts available. Write Box E.8246, Financial Times, 10, Cannon Street, EC4P 4BY.

ONE OF the best known Toyshops in the Midlands. For sale as a going concern. Extensive free hold premises. Prominent trading position in Leamington Spa. Retail area 5,500 sq. ft. (511 m²). Plus Office, Storage and ancillary accommodation. LOCKE & ENGLAND, Commercial Dept., 1 & 2 Euston Place, Leamington Spa. Tel. 27988.

TEXTILE COMPANY—Jersey fabric manufacturing, buying and selling of fabric. Available for sale with tax losses of £150,000. Only principals need apply to Box E.8267, Financial Times, 10, Cannon Street, EC4P 4BY.

NURSING HOSPITA[L]

together with operating the Matrons Bungalow & Pri[vate] Residence

EAST MIDLANDS CITY FOR SALE

Excellent freehold prem[ises]. Audited accounts—of intere[st to] doctors, consultants, [nursing] home proprietors, private [hos]pitals and entreprene[urs]

£150,000

Further details from —

AUSTIN BLOWERS, Chartered Surveyors, 55-57, Mansfield Road, Nottingham. Tel: 0602-42052 Ref: P.W.

BUSINESS FOR SA[LE]

CAR MAIN DEALERSHIP

£1.3 million sales per an[num] 1½ acre site in ... Midlands County Town

Principals only apply E.8257, Financial Times, Cannon Street, EC4P 4[BY]

Unique "Open-Air" Leis[ure] Complex on Devon Seash[ore]

Large heated, public swimming pool, cafe and snack ... letting units, private res... in immaculate condition. Good (audited) from seasonal activity exciting and challenging ... Only one ownership change in 4...

Negotiable over £60,000

Write Box E.8265, Financial ... 10, Cannon Street, EC4P 4[BY]

DECORATORS MERCHA[NTS] BUSINESS

unexpectedly for sale with 5 ... retail shops in Thames Valley T/O £125,000 showing good ... other income. Going c[oncern]. Might split.

DUNSTER & MORTO[N], 34, King's Road, Reading (0734-52296)

TRAVEL AGENCY FOR SALE

FULLY LICENSED. BO[OKING] OFFICE CENTRALLY LOC[ATED] IN TORONTO, CANADA [FOR] SALE

Principals only apply to Box E.8264, Financial Tim[es], 10, Cannon Street, EC4P [4BY]

GARDEN CENTRE FOR [SALE]

As a going concern 20,000 ... greenhouse, extensive extern[al] area. Large car park. Set in ... countryside, excellent opport[unity to] obtain a high-turnover cash bu[siness in] a growth industry

For further details, apply in wr[iting] PEARSON JOHNSON & C[O.], Chartered Accountants, 49 Or..., Shipley, West Yorkshire, BD...

TAXI BUSINESS

Group wishes to dispos[e of its] interest in the above. T... £200,000. Good profits. P... to expand this good cash b[usiness]

Write Box E.8227, Financi[al Times], 10, Cannon Street, EC4P [4BY]

A small PROPERTY PARTNE[RSHIP] IN NOTTINGHAMS[HIRE]

Asset value in £150,000 ... prising 2 housing and 1 indust[rial] ... to dispose due to difficulty in ... finance to carry out compulsor[y] ... tions demanded by Local ... Would accept reasonable offer. Michael Vernon, Estate Agents, Nottingham. Tel. Nottinghar[m] ... (Mr. Wright)

COMPUTER CONSULTANCY In training, £100,000 turno[ver] from overseas, wishes to sell shareholding. Suitable ... an organisation wishing ... range of computer service... Write Box E.8260 Financ[ial Times], Cannon Street, EC4P 4BY.

PROFITABLE Limited Co. in ... £100,000 turnover for sale ... ing management. Good re... Box E.8269, Financial T[imes], Cannon Street, EC4P 4BY

BUSINESSES WANTED

WANTED BY PUBLIC COMPANY

for whom we act

Men's Leisure Wear Units

Specialising to the Younger Set

Minimum Turnover £50,000 per Branch

A Small Group would be most interesting and need not be Southern or Eastern Counties.

Wm. Houghton & Sons, Ltd., 7/10 Chandos Street, London W1M 0HD. 01-580 5931.

WANTED—SCAFFOLDING COMPANIES

We are a medium sized public holding company already in scaffolding through our subsidiary, Eastern Counties Scaffolding & Plant Limited. We seek to expand this activity by the acquisition of well-established medium sized scaffolding and plant contractors. We are prepared to consider part or total equity purchase for cash.

Write in confidence of full security to:

J. A. Sellick, Director, Diploma Investments Limited, 20, Bunhill Row, London, EC1Y 8LP.

WANTED

SMALL ELECTRONICS COMPANY

£10,000-£100,000 TURNOVER

with at least one successful product line but not necessarily profitable. Must have modern design and manufacturing ability. Location preferably West London area or adjacent.

Please contact D. J. Aries, Wright Machinery Co. Ltd., Eskdale Road, Uxbridge, Middlesex. Tel: Uxbridge 31121.

COMPANY DIRECTOR

of considerable standing wishes to purchase for cash one or more reputable businesses run on strictly ethical lines. £10,000 to £100,000 +. N.W. preferred. R. C. Evetson, Grey House, Forton, Preston, Lancs.

WANTED

Controlling interest in a public company with quotations in Britain engaged in trading and development projects in Africa, East and Far East countries. Progressive private companies considered. Enquiries treated confidentially. References can be provided.

Write Box E.7585, Financial Times, 10, Cannon Street, EC4P 4BY.

PRIVATE BANK REQUIRED. High degree liquidity sought. 1, 2, 3 status preferred. Strictest confidence. Principals only. Write Box E.8270, Financial Times, 10, Canon Street, EC4P 4BY.

STEEL STOCKHOLD[ING]

Wish to acquire an int[erest] —or to purchase—a sma[ll] holding company supply[ing] bar or similar type pro[ducts to] the engineering industry [in] Birmingham area

Please write to Box ... Financial Times, 10, [Cannon] Street, EC4P 4BY.

EXPORT TRADING COMPA[NY] by established merchants ... with succession problem. ... Write Box E.8083, Financial [Times], Cannon Street, EC4P 4BY.

FOR INVESTMENT

FREEHOLD INVESTMENT Yorkshire town centre. Detached property let on F.I.R. lease. £5,000 p.a. with planning permission for 28 two-bedroom flats. Offers. 0274 872139.

HOTELS AND LICENSED PREMISES

THE SPRINGS

Near WALLINGFORD O[XON]

For Sale as a Fully Licensed Going Concern

TWO BARS TWO RESTUARA[NTS]

LOUNGES

EXCELLENT LETTING SUI[TES]

5 ACRES

Immaculately furnished and equipped

FREEHOLD AND CONTENTS OFFERS INVITED

Knight Frank & Ru[tley], 20 Hanover Square London W1R ..., Telephone 01-629 8171 Telex 2...

ANTIGUA HOTEL INVESTME[NT]

Antigua's most popular hotel with choice location near St. ... and airport. 49 air conditioned beachfront rooms. Lovely white sand beach, fresh water pool and tennis court. Beau[tiful] landscaped property with plenty of room for expansion. ... offered for sale at a realistic price as owners wish to retire ... further information write Box E.8146, Financial Times, 10, C[annon] Street, EC4P 4BY.

هكذا صدر الأصل

The Management Page

EDITED BY JOHN ELLIOTT

Planning agreements have been received with little enthusiasm by most companies. But in the turbo-generator field they have a special importance because of the industry's urgent problems. Christopher Lorenz reports

An anatomy of a planning agreement

IT IS almost a year since the Government began an all-out effort to convince industry that planning agreements would assist companies rather than bring them problems. But scepticism persists in the minds of many top businessmen, and four months after the original March target, not one planning agreement has yet been signed.

Apart from the specific uncertainties about union involvement, disclosure of information, and continued ability to alter plans in response to changing business conditions, one of the most difficult problems has been the vagueness of the whole concept of planning agreements. Several guinea pigs had to submit themselves to the experiment before things became clearer — but this is now happening.

One of the first agreements to be signed could be with a company which was approached by the Government only in late March — C. A. Parsons, the turbine-generator subsidiary of the Reyrolle Parsons group. Last month's reference of the power plant industry's problems to the "Think Tank" could extend the timescale, but Parsons may still sign an agreement before some of the companies whose names were announced last November as being the first subjects for the planning exercise.

Short-term benefits

The issues raised so far in the talks between Parsons and the Government shed some light on many of the uncertainties about planning agreements: the mechanics of setting them up; the potential for improving co-ordination between Government departments: the scope for short-term benefits to the company (particularly obvious for a firm which is heavily dependent on public sector customers, and which urgently needs more work); and the prospect for continued benefits once the short-term problems have been overcome (this aspect is of especial significance to industry in general).

The involvement of the turbine-generator industry with planning agreements goes back to early March, when Sir Arnold Weinstock, managing director of GEC, telephoned the Department of Industry for a discussion about the general aspects of planning agreements. The two makers of power station boilers, Babcock and Wilcox, and Clarke-Chapman, were on last November's list. Their problems are the same as those of the turbine generator industry—a dearth of home orders, intensifying competition abroad, and severe overcapacity. It therefore seems surprising that GEC Turbine Generators and Parsons, the only two manufacturers, were not brought in earlier.

By early April, the Department had approached Parsons (again informally, by telephone), and the company's managing director, Mr. Frank Krause, had been to London to explore the ground. Then his Board wrote to the Department to agree to discussions about a possible planning agreement—although the decision about whether or not to sign is not expected before August.

Since then, and still on an informal basis with no minutes, the Parsons team has been to London for a meeting with six ministries round one table, and a sub-group has been established to examine the export problems. Parsons' submission has also been circulated round the relevant ministries, including Energy, Treasury, Trade and Employment.

At plant level, the company has also given a complete set of documentation to at least one senior official from each trade union, and to middle management representatives (the vast majority of its 6,900 employees are union members). Mr. Krause stresses that this does not represent a policy departure.

Because of the unusual status of the turbine-generator negotiations (the need for urgent short-term assistance at a time when firm proposals for re-structuring appear at least three months away), there could be two planning agreements with Parsons this year; the political need for the Government to secure agreements with several companies soon may be another factor.

Once an agreement was signed between Parsons and the DoI, Parliament would be informed, but its content would be made known only to other Government departments, and to union representatives at plant level. Revelation of the one of the probable medium-term requirements, for a rationalisation of the industry between the two companies, since like everyone else it is now waiting for the Think Tank's full report in the autumn. But, significant for companies which do not have Parsons' sort of immediate problems, and which are more concerned with the longer-term benefits of a planning agreement, is Mr. Krause's comment that "I am pleased to see that other Government departments (than Industry) are being involved; presumably to be more fully informed so they can take the decisions which are in their court."

Two large Parsons turbine-generators at a power station in Canada, one of the company's strongest traditional export markets.

Since just before Easter, a DoI team has twice been to the company's Newcastle home for several hours of informal talks. A minimum of five Parsons directors has been involved in each of the meetings. The DoI team has been about the same size and for the Newcastle trips, was headed by one of the top men from the Department's new six-person "industry planning" division (several of whom are on secondment from industry). Others have come from the division which has traditionally "sponsored" Parsons, MEPT (Minerals, Metals, Electrical Engineering, Process Plant and Industrial Technology, to give it the complete title).

The first Newcastle meeting covered the company's general outlook. Over the next fortnight, the company put together a lengthy submission containing the sort of data it considered relevant. This was basically an updated version of information which MEPT division had received in the past, including a five-year plan. At the second get-together, the submission was discussed, and certain issues given particular attention.

For about five years, Parsons' unions have been informed about future business trends, even down to the detailed level of individual contracts for which the company was bidding. They have also had regular monthly progress meetings with top management—in the good years as well as the bad. Last February, for example, before the subject of planning agreements was even raised, the unions were given a detailed picture of the business outlook. So the DoI has had no need to prompt Parsons into greater consultation with the unions, as it is prepared to do if necessary with planning agreement partners. Nor have there been any leaks of information via the unions to the press.

Providing no stumbling blocks appear, the likely course of events from now on is for the first formal company-Government meeting to be held later this month with several departments involved. After a few sub-group meetings, there might be one or two more "main" meetings before any agreement is signed.

Parsons will not comment on details to anyone else would be at the discretion of the two parties to the agreement, but the DoI is understood to have no objection to the company showing it to non-unionised employees. The two parties could agree to keep commercially sensitive points to themselves (development of a new product is an obvious example, though this would probably not apply to the relatively open world of turbine-generators).

The list of short- to medium-term benefits which Parsons could reap from the Government in return for a planning agreement is a long one. Mr. Krause is naturally reticent at this stage of the talks, but he says, "I would hope that any planning agreement would include an undertaking by Government for a home ordering programme over a number of years—even if minimal." This would be the first time for several years that Parsons knew where it stood on likely U.K. power station orders. "On exports, in spite of the ECGD's assistance, the Government could provide more help," he adds.

Until Parsons and other companies have had planning agreements for well over a year, it will be extremely difficult to gauge whether they can offer the long-term benefits which are envisaged by the Government. Cynical observers of the current talks with Parsons, GEC and the boilermakers, argue that planning agreements are likely to prove useful only as devices for concerted action on problems which have been evident for years, but where the necessary impetus for action has been lacking (a regular flow of power station orders, rationalisation of the plant manufacturers, and so on). Beyond that, these cynics argue that the only result will be increased bureaucracy.

The DoI view is that the content of planning agreements, and their benefits, will vary widely from company to company, and from year to year even within the same company (they are intended to have a life of one year). It is even prepared for some agreements to cover only one issue (exports, perhaps) rather than a long catalogue of points.

Perhaps the most important single issue on which industry needs to be satisfied is whether planning agreements will give the Government "a closer understanding of industry's problems and planning objectives . . ." and therefore enable the Government "across the whole field of its activities to attune its policies to the need and plans of industry," to paraphrase last August's discussion document on the agreements.

If this closer understanding is to result in positive "attuning"—or, indeed, any attuning at all—then a number of key Ministries (especially the Treasury) must become as committed to industry's needs as the DoI.

Senior civil servants

Initial indications on this point are necessarily extremely limited, but hopeful. In the Parsons case, for example, the inter-departmental meetings have been attended by civil servants of considerable seniority. They have been confronted with more complete information on the company than they have ever had before, even if the DoI itself has learned little new. Equally important, the co-ordinating role is being played by the Industry Department; the hope is that the formal, regularised character of planning agreements will give it more "muscle" than hitherto within Whitehall.

It remains to be seen whether this will produce the fundamental changes in Whitehall's view of industry which are necessary if the two are to work as partners, rather than adversaries, as they have so often in the past. Parsons and GEC at least, seem to think it is an experiment worth trying.

BUSINESS CARS

Companies take half of output

BY NICHOLAS LESLIE

NEARLY HALF of British manufactured cars are registered by companies and the level is likely to increase according to a British Institute of Management survey on business cars.

The survey, to be published shortly in a report, covers 446 companies ranging in size from 100 to 5,000 employees. It states that in the year to February, 1976, 37 per cent. of all new car registrations in the U.K. were in a company name.

At the same time, it suggests that a disproportionate amount of senior management time is devoted to the problem of allocating company cars fairly among employees.

Employees

The report is being drawn up to provide companies with a basis to assess their own policies on business cars. It looks at the provision of company cars, their selection, allocation, operation and disposal. It also covers policies on car allowances and the use of employees' own cars for business purposes.

All but 1 per cent. of companies participating in the survey provided company cars, and 78 per cent. bought them outright. Some 63 per cent. of companies replaced cars on an age or mileage basis or both. For salesmen the norm was two years and/or 40,000 miles, while three years and/or 40,000 miles was general among other company car users.

Car allocation emerged as being principally the responsibility of Board directors. The question of who received what models and under what conditions prompts the survey to comment that it was "clear both from the postal survey and from the interviews that a disproportionate amount of senior management time is devoted to the problems of equitable car allocation."

The two principal bases for allocation were individual status and functional need.

Selection of a range of cars is seen as one of the most difficult tasks in fleet management. The report will spell out requirements both for management cars and for sales force cars and give the results of its survey, listing in order of popularity the models chosen for varying categories.

The report is also to cover problems which arise following the allocation of cars. All companies interviewed in the survey were asked what they did in a series of circumstances, covering the case of a drunken driver, the man who wants to drive a different type of car, cars withdrawn when somebody leaves, retires or is promoted, and cars in the situation of unfair dismissal. The findings in each of these and other cases are discussed in the report.

Insurance

Comprehensive insurance cover is provided by 88 per cent. of respondent companies and in the case of accidents most of the companies paid all of the costs.

The majority of cars provided, in addition to being British, were found to be hard-topped four-seaters and among the different management levels the most popular cars were: chairman and managing director, Jaguar XJ6 range; directors, Rover 3.5 litre; senior management, Ford Cortina 2000XL; middle management, Ford Cortina 2000L; junior management and sales force, Ford Cortina 1600L.

An important current influence affecting the operation and policy on car fleets is, finds the report, personal and corporation tax on company-owned cars. One transport manager said that current tax levels were such that "anyone wishing to opt for a car allowance rather than a company car needs his head examined."

THE FINANCIAL TIMES
(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026

Birmingham: George House, George Road 021-454 0922 | Brussels: 39 Rue Ducale 512-9037
Dublin: 8 Fitzwilliam Sq. 785321 | Rome: Via della Mercede 55 678 3314
Edinburgh: 18 Hanover St. 031-226 4120 | Stockholm: Rosenlundsgatan 7, 105 17 Stockholm. Tel: 50 60 88
Leeds: Permanent House, The Headrow 0532 454969 | New York: 75 Rockefeller Plaza, NY 10019 Editorial—212 541 4625 Business—212 489 8300
Manchester: Queens House, Queen St. 061-834 9381 | Washington: Second Floor, 1325, E. Street, N.W., Washington D.C. 202 347 8676
Paris: 36 Rue du Sentier 236.50.99 (editorial) 236.86.01 (business) | Jo'burg: 617 Union Centre East corner: Pritchard and Harrison Streets, P.O. Box 2128
Bonn: Presshaus 11/104 Heussallee 2-10 | Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Tel: 241 2920
Frankfurt: Frankfurt-am-Main, Im Sachsenlager 13 555730 (editorial) 554667 (business)

FRIDAY, JULY 2, 1976

Secrets under the law

YESTERDAY'S statement by the Prime Minister that he has changed his mind about the Official Secrets Act should be regarded with caution. It could mean one of a number of things: that Mr. Callaghan now believes that the greatest possible liberalisation of the law affecting disclosures of information should be implemented, or that the present intention is to replace the nearly-unusable old blunderbuss of Section 2 of the Act with a fine automatic rifle that could be pointed at offenders against the official notion of what should be secret, or that the new law will in fact, if not in name, turn out to be nearly as it liberal as the present one—and a good deal more effective.

Dangers

The dangers involved should not be underestimated. It is now nearly four years since the committee chaired by Lord Franks proposed the replacement of the Official Secrets Act with a new, apparently more restricted, law. The argument then was that there was no longer any need for the bulk of the Government's business to be covered by Section 2, or anything like it, but that it should still be an offence to communicate secret information number of main areas, such as foreign affairs, defence, currency, and the reserves, and Cabinet discussions and decisions. This proposal may have seemed reasonable at first sight, but it quickly became apparent that it could be framed in such a way that most documents prepared within Whitehall could be labelled "Cabinet documents," while clauses that referred to economic or financial information could in themselves become catch-alls.

It is here that the nub of the matter lies. Those who believe that the maximum possible disclosure is desirable, with the onus of proof of "public interest" remaining with the officials who wish to shield public decisions from the public eye, should be deeply suspicious of any new Bill that is not at least as liberal, in spirit and letter, as the one Mr. Roy Jenkins has been preparing. Those who cannot bring themselves to accept that maximum disclosure would bring the maximum benefit will support the various additions and changes to the Jenkins Bill that have been proposed by other departments of state.

It is true that Cabinet government and Ministerial responsibility, two of the basic mechanisms of the present British system of administration could not work if every senior official felt that every piece of advice he (or she) put forward would immediately be published. In this sense confidentiality has a value. But there is no need to maintain confidentiality by means of law, particularly at a time when public opinion would be against such a procedure. The proper approach is internal and administrative. Beyond that, everyday information should anyway be regarded as the public property it is.

Strictures

The danger is that Mr. Callaghan might prefer to use the strictures of the law in such cases. The Official Secrets Act, as recent experience has shown, is now in such disrepute that it no longer serves to punish, although it may in some cases still deter.

A new Act might be more powerful. The result might be that those involved in publication of the Crossman diaries, or the Child Benefit discussions, would actually be prosecuted. Those who do not accept the prevailing demand for more disclosure of public information would hope that under a new Act such prosecutions would be possible. In the guise of a liberal abolition or amendment of the Official Secrets Act, the Prime Minister could, if he chose, try to bring in a more restrictive measure.

Gas price debate in a vacuum

THE SELECT Committee on Nationalised Industries has produced an astonishingly large report on gas and electricity tariffs: but not, as might be thought, an exhaustive one. It is long on detail, but desperately short on what is surely the fundamental issue is the whole controversy over gas prices: depletion policy, in the context of a general energy strategy. However admirable and well-rehearsed a production of Hamlet may be, it will lack something if the producer omits to fill the part of the Prince. The Committee, to do it justice, did try to confront the central question: but it allowed itself to be fobbed off with what the Energy Secretary, Mr. Anthony Wedgwood Benn, admitted were stonewalling answers.

High energy costs

It is simply accepted that the strategy laid down in 1968 of treating gas as a rapid growth industry is still valid, and that pricing policies should be judged on their effectiveness in achieving this end, provided that they also go as far as is reasonable to shelter poorer consumers from high energy costs. The conclusion, that the gas industry has broadly got it right, and that proposals to raise the domestic price of gas nearer to that of other fuels involve an unacceptable social cost, follow naturally enough from these premises. That does not mean that they are not wrong.

It was in fact very difficult for the Committee to reach sound conclusions, since the arguments presented on both sides rested on highly questionable logic. Some of the strongest pressures for higher gas prices has come from obviously suspect sources—the competing energy industries; and certainly the case for raising gas prices to preserve jobs in uneconomic coalfields, or even to prevent the temporary eclipse of the electrical plant industry, is not in itself a strong one. However, the case put for low prices was equally questionable. The gas industry presented itself as needing to find outlets for a seemingly irresistibly rising tide of gas. The familiar arguments for cheapening any basic consumer goods—that the poor spend a higher proportion of their incomes on energy than do the rich—were also heavily stressed. The Department of Energy also stressed the high priority to be given to import substitution.

To take the arguments in order, it is untrue that there is an irrestistibly growing gas supply. Large supplies will, it is true, be produced along with oil from the North Sea: but there are also pure gas fields where the gas could perfectly well be conserved. Even if it proved that the gas output of the oilfields was larger than present domestic demand, gas is a highly exportable commodity: market distortion in the name of import saving is more likely to hurt the balance of payments than to help it. The arguments against cheap gas are exactly the same as the arguments against food subsidies: it costs less to help the poor than to cheapen what everyone buys.

Depletion policy

More serious, however, is the Committee's failure to come up with any clear view on prices charged to industrial customers. Here the gas industry was allowed to get more or less clean away with arguments based on marginal costs and on load factors — arguments which should not be applied in this context at all. They may appear to apply, so far as the Corporation itself is concerned, because the Corporation is more a distributor than a producer of natural gas: but from the national point of view we are not concerned so much with the through-put of the distribution network as with the use over time of a highly useful but limited stock of gas.

Without a clear depletion policy, there can be no rational basis for pricing, save that provided by potential export prices—though even here, the Committee fails to stress the conclusions which follow from the evidence offered. The real lesson of the report lies in what it does not and cannot, on the evidence, pronounce upon: the need for an energy strategy.

Until Mr. Benn's strategic explorations produce some conclusions, discussion of detail will remain largely vacuous.

Participation or control? **John Elliott** gives a half-term report on the work of the Bullock Inquiry.

Worker directors on the way —sooner or later

BRITISH INDUSTRY is likely to have legislation providing for worker directors in at least the largest companies within two or three years. They will probably be mainly trade union based and initially may well be limited to the 700 largest companies in the country which have more than 2,000 employees. They may sit on a unitary Board—possibly called a Policy Board — in a single tier system and are unlikely, at first at least, to achieve the 50 per cent. of the Board seats that the TUC would like. Initially they will only be appointed where they are demanded by the union members involved although this will raise the issue of shareholders' rights to have a say in their initial adoption. They will be backed up by lower-level participation systems although these will probably not be specifically dealt with in legislation and will vary from company to company. At the same time there will be a multitude of experiments in the public sector.

This is the likely programme for the introduction of industrial democracy in British industry if the Labour Government remains in power until the end of its present term or is re-elected earlier.

If a Conservative Administration is elected, the essence of the programme will remain approximately the same but the time-scale will lengthen. There would be more emphasis on shop floor participation and less on Board directors, and there would be more concern for non-unionists.

But ultimately there would still be Board representation within six to ten years— the timescale preferred by Conservative leaders at the present stage of their search for a new industrial policy. This is also the timescale which it appears the European Commission, under its present Commissioner for social policy, Mr. Finn Olav Gundelach, is prepared to allow before forcing Common Market members to adopt a worker director system.

Half-way stage in its work

These conclusions about what is emerging as an almost inevitable path to worker directors can be drawn now that the Bullock Committee of Inquiry on Industrial Democracy has reached the half-way stage in its work. Appointed last winter, it has received written evidence from 300 people and organisations and is starting to draft its report ready for submission, roughly on time, to Mr. Edmund Dell, Trade Secretary, next winter. A White Paper (possibly preceded by a Green Paper if the Bullock report raises enough controversy) may then be produced by next summer.

This would be in line with commitments contained in the latest drafts of Labour's social contract but it still seems unlikely that there would be time for what would be a highly controversial Bill to be passed by Parliament before its autumn session ends in 1977. This would push the measure through into the 1977-78 session and it might then become a policy plank for all political parties in the next General Election.

Another complicating factor is that the question of worker directors is only one facet of a proposed wide-ranging reform of company law, embracing items such as insider dealing, the regulation of City institutions, rules for auditors, and the general question of non-executive directors. There may be some pressures on Ministers to deal with all these items in one mammoth Bill, but the TUC line will be that there should be the simplest, shortest and fastest possible Bill on industrial democracy.

The report of the Bullock inquiry is crucial to the TUC initiative. Its terms of reference tie it fairly firmly to saying *how* the TUC's proposals for 50-50 trade union based worker directors could be introduced although it can roam into the question of *whether* such a development would be a good idea.

It has received a lot of evidence arguing that it would be against the interest of everyone to have enforced worker directors. Of the 300 written submissions of evidence, about 100 have been put in by individual companies, backed by employers' associations and other institutions. Almost all these oppose the TUC's ideas and argue, in line with a central submission from the CBI, that there should be gradual moves towards worker participation starting from the shop floor upwards and embracing all employees rather than just trade unionists. Individual examples of consultation systems in countless forms—but almost always never including a worker/director—have been put forward. But regrettably for those involved in writing this evidence, much of it is irrelevant to the central Bullock issue of Board-level representation and will almost certainly receive only passing attention at the end of the day.

Nevertheless, the political reality has also been recognised. Almost every piece of evidence hostile to the TUC ends with a suggestion how worker directors could be brought into being—apart, that is, from unions such as the General and Municipal Workers and the Electricians and Plumbers who oppose the TUC outright.

Having received all this evidence, the Bullock Inquiry have taken private oral evidence (they wanted to avoid the formality and publicity of public sessions) from the CBI, the TUC, the British Institute of Management, the National Consumer Council, and Mr. Gundelach of the EEC. They have this week in West Germany been studying participation practices. Earlier they visited Sweden and they are soon to meet various City interests to discuss company law and other matters. They are also to receive two special research reports from academics surveying European experiences from the aspects of labour relations and company law.

The result of this exercise is almost bound to be the publication of more than one report. There might be just a majority for a main report dealing in general terms with the potential value of worker directors, suitably hedged with qualifications. But even this will depend largely on how tough a line is taken by Mr. Jack Jones of the Transport Workers who designed the TUC's proposals with another member of the Bullock Committee, Mr. David Lea, the TUC's influential Economics Secretary. Basically the TUC wants the inquiry to stick strictly to the question of worker directors and the organisational, legal and other ramifications of this. It probably also sees, however, the need to support this with some secondary discussion of participation schemes lower down a company's structure.

Representatives of both sides of industry—Mr. Jack Jones of the Transport Workers (left) and Mr. John Methven of the CBI (centre)—with Lord Bullock, Chairman of the Committee of Inquiry on Industrial Democracy.

On the other hand the employer representatives—including Mr. John Methven who was appointed as an "independent" but has now moved into the employer camp, on becoming Director-General of the CBI, would want far more concentration on the need for grass roots participation to precede any worker director schemes.

This potential conflict may be aired eventually in minority reports but what is already clear is that any main report will dwell mainly on worker directors and will not attempt to analyse in depth participative or any other management styles, or the job satisfaction aspects of involvement, job enrichment or other such fashionable trends.

The most significant shift in opinion on the committee so far has been a swing against the idea of a two-tier Board structure and in favour of a one-tier Policy Board which would strongly resemble the ordinary Board of many U.K. companies Its logic, which appears to have been accepted by some key union figures, is that the committee has found that most companies already effectively have two tiers—with their main Board only dealing with major policy issues and the most senior appointments, leaving day-to-day management to managers.

Two other key issues have so far failed to become the major problems expected by some critics of the TUC. The first is whether any worker-director system should be trade union based or should embrace all workers. Research has shown that a large proportion of workers—maybe 70 per cent. or so—employed in large companies are already in unions and that the figure is increasing. If, as is generally accepted, only the largest companies are to have worker-directors at first, the problem may not materialise in a practical form. There also seems to be a growing acceptance among some union leaders that there may have to be a special form of representation for managerial grades, although an increasing number of them are in unions.

The second issue is the risk of confidential company information being intentionally, or unwittingly, leaked by worker directors. This is an issue which raises temperatures in some Boardrooms, but in Sweden the Committee found that an effective system had been developed where information is graded for confidentiality and that at the end of meetings of Boards with worker directors, certain material which has been discussed is classified as secret.

In any case U.K. companies will shortly be forced to hand over more information to unions under the Employment Protection Act. The Advisory Conciliation and Arbitration Ser will shortly be producing a c sultative document on a C of Disclosure provided for the Act.

How far worker directors free to pass their companies' formation for evaluation bacl union research departments. example, remains to be se This raises a question, as unresolved, of who should vice worker directors — a that could be done by the c pany's own specialists, by unions, or by "independer such as academics.

Trade union control

Another key issue is w proportion of a Board's s should be allocated to wo directors. The TUC wants l saying this would ensure the worker directors were powerless figureheads. l ever a compromise giving t only one-third might em with shareholders ha another third. Where "third third" would go is clear—consumer groups failed so far to win n support for consumers customers to be represe Other ideas have include creasing the sharehol representation or g management or even cred some seats.

These are the sort of ments, with a multitude company law issues, which committee will be thras out in the coming months. of the argument will stem the fact that despite the a rent political inevitably what is happening, there real evidence that empl actually want to bear ult responsibility for what companies do. On the hand, there is evidence growing debate and in among employees in havi large say over what happe matters that affect them—viding "the boss" takes final decision. This is refl by those unions which wa extend traditional barga into financial and other pany affairs but do not worker directors.

The essential link, how between the TUC position that of the other unions both aim at increasing union control over indust part of the Labour mover basic target of changing sc The CBI and other employ the other hand are out crease worker participatio not control, so as to mak isting industrial structures better. That is the contrad which the Bullock Inquiry eventually face: and the r that the resulting politic fighting and rush to en worker directors could d a shop floor groundswe favour of constructive par tion.

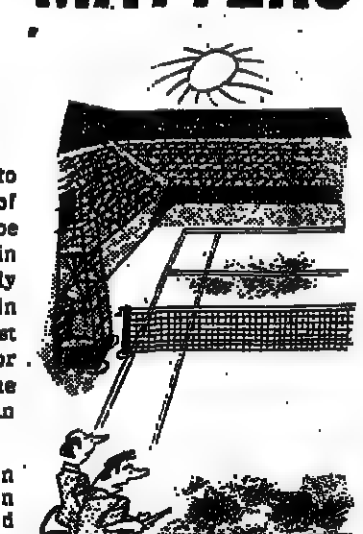
MEN AND MATTERS

An academic to the fore

It is a fair rate of progress to have been taken on as head of research in 1972 and to be appointed managing director in 1976. This however is exactly what has happened to Robin Nicholson who, at 41, has just been made managing director of International Nickel Ltd., the U.K. arm of the Canadian mining group Inco.

Nicholson started off as an academic. He did a Ph.D. in metallurgy at Cambridge and then went, on through the academic mill to become Professor of Metallurgy at Manchester from 1966 until he joined Inco. He freely admits that when he went there to do research he had no idea or ambition to become U.K. managing director, but points out also that given the technical nature of Inco's business there is a lot to be said for having the man at the top know the technology of the business. "The technical nature of the product and a knowledge of advanced technology are very important to marketing in this business, so that an academic at the top is not surprising in the case of Inco as it might be with other companies," he comments. Backing that up is the fact that the U.K. subsidiary markets around one third of Inco's total production.

Nicholson first came to Inco's attention because he concentrated, in his academic work, on materials which had industrial application rather than those which were of pure academic interest. On the obverse side of the coin International Nickel attracted Nicholson because, "nickel is a component of so many things that the world is your oyster researchwise."



"It's a combination of the weather and the scorched earth policy of the big servers."

Too late again?

There is a depressingly familiar ring to this story. The Danish Government took emergency action yesterday to try to save a collection of 92 portraits by German, Dutch and Danish masters from being auctioned at Christie's to-day, and at other, later, auctions. But after having dallied for four months, it now looks as if the Government has acted too late to save the collection, worth about Kr.4.5m. (£500,000) for the country.

The pictures, which include works by Rubens, Jordaens, and Ruisdal, are in the ownership of Barons Ivan and Otto Reedt-Thott, of Gavno Castle, about 100 km. south of Copenhagen. The barons, who recently inherited the castle from their father, Baron Axel Reedt-Thott, are being forced to sell in order to raise cash to pay inheritance tax (does that sound familiar too?).

The 18th-century rococo palace has been in the family since 1737. The Gavno collection is one of the few major collections left in private ownership. The family approached the State some four months ago and suggested it should buy the collection to prevent it going abroad. It was not until yesterday, however, that the Folketing (Parliament) finance committee gave the Government permission to spend up to Kr.5m. to buy the paintings. But according to Baron Otto, it is now too late. "Although we should like to keep the pictures in Denmark, the State should have reacted when we first approached it."

Sponsoring the lesser sports

Without commercial sponsorship, British sport would be in even more dire straits than it is at present, yet one often wonders what, if anything, the companies themselves derive from their largesse. Arguably one of the most altruistic of all sponsorship ventures is Joseph Sanders and Partners' support of the British Judo Association, without which the association would have been unable to send a team to this month's Olympics.

The sport has received useful if limited sums from the British Olympic Association, the Sports Aid Foundation and Faberge Inc., which worldwide is pumping around $1m. this year into the he-man sports such as judo and weightlifting. But Britain's Olympic judo campaign would have run out of puff long ago if its sponsor, a London financial advisory service which manages £50m. worth of funds hadn't chipped in with a £30,000 cheque three years ago to cover preparations for Montreal.

On top of that, the company handed over another £10,000 last week expressly to pay for the team's recent training visit to Russia and for other last-minute expenses.

It is a benevolent venture because judo is a complicated, mysterious affair whose intricacies do nothing to recommend it to television producers. It has therefore a limited spectator or marketing appeal and the feed-back for a sponsor is negligible.

But Sanders himself, an athletic 36-year-old, comments: "Three years ago the sport was in trouble and needed money. At the same time our judo team won three medals at the Munich Olympics. It seemed a sport worth supporting."

So, off to Montreal: Britain is sending a five-man squad to Canada. Although world judo standards have improved dramatically since 1972—in particular the Iron Curtain countries have made some daunting advances—we could still easily be in the medals.

The likeliest candidates are light-heavyweight Dave Starbrook and middleweight Brian Jacks. The former won a silver in Munich, the latter a bronze. Another fancied candidate is 19-stone heavyweight Keith Remfry.

Despite judo's mystique there are now more than 1,000 clubs in Britain, and at least 100,000 followers. Sanders himself works out at the Budokwai Club in Fulham. "Are you a black belt?" I asked him. "Actually I'm not a belt at all," he replied, "but it's a great way to keep fit."

If you say so

Do I detect a note of cynicism in the fire regulations of the Luxembourg Holiday Inn? They state, "In case of fire do not panic and follow the instructions of the management and the telephone operator."

Observer

A severe blow has been dealt to Moscow's claims to being the guiding light of Communism. **David Lascelles** reports from Berlin

Now Brezhnev must share the limelight

AS MR. LEONID BREZHNEV reutrned to Moscow last night, he must have been wondering whether the three sweltering days he spent at the Communist summit in East Berlin were worth it.

Judging by his farewell toast, they were. The conference had shown he said, that Communist Parties wanted to work even more closely together to achieve their lofty common goals. Pravda agreed with him. The event was of historic importance, it said.

Others have seen the conference in a different light, almost as an abdication by the Russians of their right to head the Communist movement and to control the policies of all parties whether inside or outside the bloc. The final document which was arduously negotiated over 20 months contains no mention of Marxism-Leninism, the Russians' fundamental doctrine, nor of proletarian internationalism, the phrase normally used to describe loyalty to Moscow. It only mentions the Soviet Union once, in passing; and it specifically excludes the possibility of Communism being led from an organising centre.

In short, it virtually ignores the Russian role in Communism, and guarantees other parties the right to go their own way.

On the face of it, therefore, the conference appears to mark a climbdown by the Russians, and a significant victory for the independent parties such as the Yugoslav, Italian and French, who have long stood for the right to decide their own policies and political tactics.

But in the complexity of Communist relations, the conference clearly means different things to different people, and the document is best analysed from the various points of view of the parties which subscribed to it.

From the point of view of the Russians, it is clearly about relations between the Soviet bloc parties as a whole on the one side and the rest on the other, rather than a charter for all European parties wherever they are. This is not explicity stated. But it was obvious from the speeches of Mr. Brezhnev and his allies that relations between them were not under discussion.

Sovereignty

The right to sovereignty and non-interference enshrined in the document does not therefore exclude the possibility of another Czechoslovak invasion, which could always be justified on the grounds that socialism was under threat.

When first mooted three years ago, the conference was conceived as a device to confirm Soviet dominance over the main currents of Communist thought in Europe. However, this was resisted at an early stage by the independents. The negotiations soon bogged down and were probably close to abandonment on several occasions. In fact, at one stage, it was being put about that the Russians were wishing they had never launched it.

The full details of the bargaining have still not leaked out. However, it became clear that the Russians wanted this conference, if only to be seen at the conference table together with men widely respected outside the Soviet bloc, in particular President Tito of Yugoslavia.

But since none of the independents really wanted the conference (and some of them said as much publicly in Berlin this week) it was the Russians who had to make the concessions. In the end, the document became a definition of common ground between participants of very different views, which explains why it lacks the militant ring of more decisive gatherings. Apart from opposition to capitalism and fascism and expressions of solidarity with the working peoples of the world, it contains few demands that were not enshrined in last year's Helsinki Declaration which was signed by all major Western governments.

As expected, there is no mention of China, one of the major conditions for attendance stipulated by the non-Soviet bloc parties which maintain that no party has the right to criticise another. The Russians were not, therefore, able to establish this conference has representing the "true faith."

But although a watered down document enabled the Russians to hold the conference with the desired attendance, it does not conceal that they made sizeable concessions. One reason could well have been the rapidly improving prospects of some Western parties gaining power—providing they are not obviously tied to Moscow.

For a man fresh from electoral success, Sig. Enrico Berliguer, the Italian Communist party leader, looked surprisingly diffident amid the veneer and crystal grandeur of East Berlin's largest hotel where the conference was held. But there was no doubt that this slight, shyly smiling man in a rumpled blue suit which fell in folds round his ankles shared the star billing with Mr. Brezhnev and President Josip Broz Tito.

Clear message

He also best expressed what the conference meant to Western parties, and particularly to his own. "Our independence is certainly one of the factors of our authority in Italy. This conference contributes to our strength," he told Western journalists who had packed into a sweaty beer cellar for an impromptu Press conference. And like M. Georges Marchais, the French Communist leader, he left the clear message that his conference speech was designed as much to clarify his position for the benefit of Italian voters as to explain himself to Mr. Brezhnev who was placed directly opposite him in the brightly-lit hall.

It was not true; he said, that Socialists and Communists are and will be the same everywhere. Once again he stressed that his party supported Italian membership of Nato in order to avoid upsetting the east-west balance, that it would preserve the plurality of political parties, and the possibility of alternating Government majorities.

Sig. Berlinguer making his independent speech at the conference.

Frowned on

M. Marchais also emphasised his party's independent views, adding: "The more the mass of the people aspire towards far-reaching social changes, the more we are concerned with the image which Socialism projects. It is for this reason that we—in the firm conviction that it serves our common ideal—openly state our opinion on matters which in the practice of this or that Socialist country appear to deviate from this ideal."

As it turned out, the western parties wrung from the Russians not only the right to decide their own political strategy but also to employ specific tactics frequently frowned on by Moscow.

This includes the right to strike up alliances with Social Democrats and Christians, and to act jointly with religious organisations "for the development of Europe in a spirit of democracy and in the direction of social progress."

It is doubtful to what extent the Russians were convinced by the argument that the less they insisted on their own importance to Communism, the better chance the Western parties stood of gaining votes. Nevertheless, Mr. Brezhnev was clearly delighted by the Italian result, and it may be that he and his colleagues appreciate that West European Communism has reached a delicate point which demands a lower Russian profile.

The danger from the Russians' point of view, however, is that western Communists will come to power at the very moment when Soviet influence over them is weakest: when "proletarian internationalism" is no longer the order of the day, and when co-operation between parties is, at best, "voluntary," according to the conference document.

It was also clear that Western parties feel that Soviet type Communism is not only unsuitable for them, but inadequate especially in its appeal to young people. In a key passage Sig. Berlinguer said: "It seems evident to us that the development of the elaboration of Marxism has not kept pace with the great transformations taking place in the reality of to-day's world. . . . This free debate of ideas is one way to increase the attraction of Socialism, particularly on the younger generations."

For the two parties in power which dissent from the Soviet line, the Yugoslav and Romanian, the document's affirmation, in strong terms, of the sovereignty of each party and its right to non-interference was plainly a major gain. However, President Tito, despite his star status, played a restrained role in the conference hall, where a trick of the German alphabet had placed him next to Sig. Berlinguer.

Aware that his presence gave the meeting an importance that no single other figure could bestow, he delivered a low-key speech, and allowed himself to be photographed in happy conversation with Mr. Brezhnev. Yugoslavia's special interests (non-alignment, Mediterranean security, the rights of migrant workers) and Romania's (zone of peace, national independence) are all in the document, a sign of the lengths the negotiators went to to please everybody.

If Mr. Brezhnev is feeling pleased this morning it is for two reasons. He has had his conference, and even if it did not explicitly highlight the Soviet role, he was able in his speech to convey the impression that the Soviet Union is special by virtue of its size, military might, and history.

Maturity

However, the price was high. On paper, at least, Moscow has no special status and has acknowledged that Communism can take many forms. Whether this marks the achievement of a higher level of maturity in the movement (as many participants including the British argued) or reflects new political realities is another matter.

Unfortunately, TV cameras transmitting the conference to the press next door remained on speakers throughout their speeches, so it was not possible to see Mr. Brezhnev's reaction to the proceedings. But as Sig. Berlinguer's reference to the invasion of Czechoslovakia showed, this was no rubber-stamp conference, and the "full and frank exchange of views" so often spoken of in Soviet communiques actually took place. Clapping was not allowed — just as well, perhaps, for some speakers.

David Watt's political column will be published to-morrow as one of this newspaper's articles to mark the bi-centenary of the U.S.

Letters to the Editor

Playing Uranus to Cronus

From Mr. P. Abrahams.

Sir,—The British Institute of Managements' Checklist 71 — "Negotiating A Closed Shop Agreement" is a charter for management by jellyfish. It qualifies the BIM as running dog of the trade union bureaucrats at Congress House. The tenor of its advices and interpretations is to make management adjutants of the unions, dues collectors, ex-officio shop stewards, recruiting sergeants, and sackers of staff with the guts and brains to protest at being railroaded.

The introduction to this Munich-like sellout says, ". . . will succeed in a claim for unfair dismissal only if he (whatever happened to "she"?) genuinely objects to union membership on grounds of religious belief" (and narrow interpretations at that). Says who? Has the BIM never heard of the Universal Declaration of Human Rights? May I suggest the next printing of Checklist 71 quotes Article 20 (2), "No one may be compelled to belong to an association," also Article 23 (1), "Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment." I would like to know if the BIM, TUC, CBI and Mr. Michael Foot have ceased to subscribe to the Universal Declaration of Human Rights.

I have been a member of my union for over 20 years. I would not quit if our "house" was declared an "open shop" though I guess 60 per cent. of my union's members would lapse in the event. It is the compulsion that offends my democratic soul — no card, no job. Unions do a partly useful job even though they are stuffy, conservative, boring, bureaucratic and unintelligent. Additionally they inhibit management, restrict the advance of production techniques, encourage laziness, kill enterprise and co-operation, and are developing a dangerous grassroots social-fascism.

Viewed from my side of the fence I have as little regard for the competence of British management as I have for the wit of the trade union movement to discern that the butter on our bread is bought with Mr. Healey's borrowings. I cannot understand managements' grovelling to trade union diktat — forever playing Uranus to the unions' Cronus and damaging its already enfeebled performance capabilities. As an exemplar of this last I commend the feature "Under British Management" (Management Today, March 1975). It will bring a wry smile from those with experience at "the point of production". And for those with an insatiable appetite for horror, I recommend perusal of "The System — the misgovernment of Modern Britain" by Max Nicholson, who is to Whitehall what Bram Stoker was to Transylvania.

Peter Abrahams.
Member of Governing Council,
National Society of Operative
Printers, Graphical and Media
Personnel,
9, Langlands Gardens,
Hampstead, N.W.3

(Or Ouranos to Cronos, if you prefer.—Ed.)

Elections and policies

From The Chairman of Chester Merseyside Liberal Party

Sir,—Mr. Lawhorn (June 29) wants an election as soon as possible. I really doubt if that would be in the interests of the country.

Much as Liberals criticised the Government for having a disastrous incomes policy after the October 1974 Election, they eventually grasped the nettle and inflation has decreased. Liberal policies on prices and incomes are well known but what are Tory policies? If they were to win would we be subject to further wild-cat financial policies as in 1970-74?

Equally important, what would the Tories do if the Scottish Nationalists held the balance of power and wished to secede against the wish of the majority of Scots? The Tories have evaded this question consistently. Could we please have an answer from them before there is any further talk of an Election?

Michael Gayford.
"Periwinkle," Meols Drive,
West Kirby, Wirral.

The company car

From Mr R. Setchfield

Sir,—Mr. Barnes, in his letter (June 30) on the Governments' proposals replacing the £40 road fund licence by an additional 20p per gallon on petrol has of course highlighted the possible benefits of the scheme for the private motorist, who drives with care.

I drive about 7,000 miles a year and my car does about 30-32 mpg. I too have calculated that the costs will be about even but surely where the problem lies is in the increased mileage of company cars and other commercial vehicles where the average is in the region of 15,000 and even 20,000 miles a year. Assuming 30 mpg then the cost of the tax on each car will be two or even three times as much, as at present. Who is going to pay for it? In the long run Mr. Barnes, you and I presumably, since that's where increased costs usually end up.

Surely the overall calculation must be on all petrol used in all vehicles and this could well mean the private motorist may pay a little less, but at least the companies shouldn't be paying so much more which would then be to everyone's benefit.

R. W. Setchfield.
6, Conifers, Hadleigh,
Benfleet, Essex.

Russian trade

From Mr. A. Troyekurov

Sir,—Jan Zoubek's pessimistic tone in connection with "difficulties for Russian trade" ("a Soviet $10bn. debt to the West," June 9) can be explained most probably by the fact that the author overlooked the rapid rates of growth of Soviet foreign trade —22.1bn. roubles in 1970, 39.6bn. roubles in 1974, and an all-time record of 50.7bn. roubles in 1975. Last year alone overall Soviet foreign trade increased by 28.1 per cent. In the same period Soviet commerce with the CMEA States grew by 35.6 per cent., with the capitalist countries by 27.8 per cent. and with the developing nations by 9.2 per cent.

As regards difficulties for Soviet foreign trade, they do exist. They include inflation and the instability of the Western economic situation, to which Jan Zoubek justly pointed; and also discriminatory (mutually advantageous) trade and economic ties with many Western countries. Among these barriers it is necessary to mention quotas which were introduced by Western countries for the import of Soviet goods and which are still often in force despite the commitment to abrogate them. Also discriminatory are the lists of "strategic" goods, whose export to the USSR requires special permission. These lists cover machinery, electronics, and scientific instruments, that is, the fastest growing sectors of international trade.

Discriminatory customs duties not infrequently present an insurmountable barrier. For instance, the U.S. importers of Soviet looms and casting equipment are supposed to pay duties of 40 and 35 per cent., whereas people who import these goods from the non-Socialist countries pay 7.5 and 4.5 per cent. respectively. Other old and new discriminatory measures could be put on this list. Singly and as a whole, they cause immediate material damage to the countries which apply them and contradict the Helsinki agreements.

As for a $10bn. debt about which Jan Zoubek writes, it is quite clear that this is not a debt in the literal sense but credits which the USSR received from capitalist countries and which it returns under relevant agreements.

Andrei Troyekurov.
Novosti Press Agency,
2, Pushkin Square,
Moscow, USSR.

Life assurance commission

From The Managing Director, David Gresty (Life and Pensions Services).

Sir,—There can be little doubt that the existing commission terms have, over many years, led to life policies being sold purely because of the commission they attract. Notable are non-profit whole life policies for young men under age 30 who, willing to spend £4 each month, find themselves in receipt of a policy "with valuable conversion options." The return to the agent of some £100 is undoubtedly the motivating factor hence the desire to relate the commission to the premium involved.

While I think that more than a few "fringe brokers" are involved, and I otherwise largely agree with Mr. le Blanc (June 28). I regard it as important that the steps to be taken by the life assurance industry should be in conjunction with the responsible broking organisations to operate a differential commission scale that will lessen the "fringe brokers" interest and enable the recognised broker to maintain the service he has given to his clients.

David Malbon.
Oakfield House,
56, Crewe Road,
Sandbach, Cheshire.

Overcome by legislation

From The Director General Institute of Purchasing and Supply

Sir,—Statements by Lord Shinwell and Lord Wigg in the House of Lords reflected two powerful elements of conservatism which are very damaging to the country's future. One is out and out opposition to any change which would bring Britain closer to her partners in the Common Market. The other is the view that, if there is to be change at all, it must be preceded by interminable consultation so that by the time there is agreement on what to do it is time to do something else.

The case for the earliest possible completion of the change to the metric system is overwhelming. Already more than 90 per cent. of world trade is done in metric units. In a few years 99 per cent. of Britain's international trade will be with countries using the metric system. The arguments and facts about metrication have been laid before the public time and time again. Yet Lord Shinwell, who does not want the words kilo and litre foisted on the British public, and Lord Wigg, who claims metrication is a denial of everything the Labour movement has ever stood for, both say the public has not been properly consulted.

What is there to consult about? First there is the long term failure of Britain to retain her share of world markets where metric, not imperial, measures predominate. Then there is the savage devaluation of sterling resulting from this failure and the impoverishment which comes from supporting the pound at something over the disaster level. After that there is the crippling cost of indecision about whether to manufacture to imperial or metric measures. Then there is the nationwide investment burden of holding stock in both imperial and metric units while Britain makes up her mind to do what every other trading nation has long since done or is hastening against time to do now.

This is not to deny the problems of the retail market in making the necessary change. But these can be overcome by legislation and it is no ground for further delay to say that the British people do not or cannot understand the metric system. Britain cannot survive at all if she has to move forward at the pace of her most innumerate members.

The protection of the consumer is a well established duty of the welfare state and numerous organisations in Britain are charged to see to it. But who is protecting the consumer from the erosion in value of his sterling assets? Who is protecting him from costly muddle and delay in implementing the metrication programme? Who is making sure that British goods sell in world markets so that economies of scale make them cheaper at home? In the end there is no one but the consumer to pay when these things are not done. And he is paying dearly now for the luxury of consultation in place of the will to get things done.

A. M. Taylor.
York House,
Westminster Bridge Road, S.E.1.

Imported cars

From The Managing Director, Porsche Cars Great Britain

Sir,—For some time the national Press has stressed the rise in the numbers of imported cars on the U.K. market, and your headline (June 29), "Importers' share in U.K. rises 50 per cent. in five months" continues this trend.

Would now be an opportune moment to begin differentiating between "normal" imported cars and the proliferation of models imported by British manufacturers? With such facts available, non-emotional statistics could be utilised to establish whether imported cars were, in any way, a threat to British manufacturers as claimed or, as it appears, a necessity to keep their U.K. sales outlets viable.

In any event, the dispersal of this smoke screen can only be to the long-term benefit of the motoring industry.

J. T. Aldington.
Porsche Cars Great Britain
Falcon Works, London Road,
Isleworth, Middlesex.

To-day's Events

GENERAL

Figures of U.K. official reserves for June issued.

Bullock Committee on industrial democracy ends three-day study of West German worker-participation system.

National Union of Mineworkers' pre-conference executive meets, Douglas, Isle of Man.

Mr. Alex Eadie, Parliamentary Under-Secretary of State, Energy, gives closing address to Institution of Mining Engineers' annual conference, Cardiff.

Chelsea Football Club creditors meet.

Royal National Rose Society Show opens, Royal Horticultural Society Halls, Vincent Square, S.W.1.

Cheltenham International Festival of Music opens.

PARLIAMENTARY BUSINESS

House of Commons: Motions on Northern Ireland emergency powers orders.

House of Lords: Congenital Disabilities (Civil Liability) Bill, and National Health Service (Vocational Training) Bill, third readings. Representation of the People (Armed Forces) Bill, and Dangerous Wild Animals Bill, committee. Divorce (Scotland) Bill, second reading.

OFFICIAL STATISTICS

Capital issues and redemptions during June.

COMPANY MEETINGS

Furness Withy, 105, Fenchurch Street, E.C.12. Hartwells Group, Oxford, 11. Headlam Sims and Coggins, 5, Albemarle Street, W., 11.30. Mentmore Manufacturing, Winchester House, E.C., 12. Scott and Robertson, Dundee, 12.

OPERA

Royal Opera production of Mozart's "Don Giovanni," Covent Garden, W.C.2, 7.30 p.m.

BALLET

Nureyev and Friends: Aureole, Le Corsaire (or Flower Festival) pas de deux, Songs of a Wayfarer, and The Moor's Pavane, Coliseum Theatre, W.C.2, 7.30 p.m.

MUSIC

London Bach Orchestra, conductor Martindale Sidwell, perform Bach Suite No. 4 and Brandenburg Concertos 3 and 4, Royal Festival Hall, S.E.1, 8 p.m.

SPORT

Tennis, Women's singles final, Wimbledon: Yvonne Cawley v. Chris Evert.

COMPANY NEWS + COMMENT

Courts (Furnishers) expands to £5.4m.

THE "SATISFACTORY increase" in profit predicted by the directors of Courts (Furnishers) in January turns out to be from £3.49m. to a record £5.41m. at the pre-tax level for the year ended March 31, 1976.

The results reflect increased profits from both U.K. stores and from those overseas. The result was struck after a heavier transfer of £1.37m. against £0.39m. to deferred profit—the deferred profit now totals £7.89m. and will flow into profit in future years, the directors point out.

During 1975-76 three new stores were added in the U.K., and in the current year two more have opened so far, with three others scheduled. It is intended to continue expansion overseas, although no specific plans have been settled at present.

Since March 31 last group turnover and profits both in the U.K. and overseas have been ahead of the same period of 1975, the directors report.

Earnings per 25p share are stated to be up from 11.1p to 17.2p. The net dividend is raised by the maximum permitted—from 2.58514p to 2.84365p, with a final of 1.55665p. The directors say that they would have wished to pay a substantially higher dividend but for current restrictions—dividend cover now stands at 6 times.

	1975-76 £000	1974-75 £000
Turnover*	40,065	25,577
Operating profit	6,367	3,999
To deferred profit	1,368	389
Exchange rate gain	41	5
Property disposal profits	47	5
Profit before tax	5,411	3,485
Taxation	2,750	1,829
Net profit	2,661	1,656
Property loss provision	91	—
Minorities	221	92
Available	2,365	1,564
Preference dividend	24	24
Interim Ordinary	151	101
Proposed final	219	188
Retained	1,921	1,177
Net assets per share†	176.2p	141.5p

* Excluding VAT. † Loss. ‡ Including directors' valuation of properties and deferred profit.

The exchange rate profit has resulted from the effect of the decline in sterling on the substantial overseas assets, although only the profit on net current assets has been included in profits, with the exchange surplus on fixed assets going direct to capital reserves.

● comment

Courts has come through with a very buoyant performance in the second half of the year: operating profits lifted by 71 per cent., for a full year increase of 39 per cent. on a sales advance of 43 per cent. Pre-tax Courts is ahead by 55 per cent and the deferred profit reserve is increased by £2m. to £7.89m. Admittedly there is an added exchange boost on consolidation of overseas profits (over 40 per cent. of the total), but nevertheless the underlying trading patterns remain firm. In the U.K. sales were surprisingly strong while overseas several new stores opened at the tail end of the previous year have come into profit. Meanwhile borrowings are perhaps £½m. lower at just under £2m. and less than 18 per cent. of shareholders' funds ex-goodwill. At 86p the "A" shares stand on a p/e of just under 5, but the yield is only 5½ per cent, covered six times.

HIGHLIGHTS

British Sugar Corporation has forecast profits of £12m. for the year up to the end of September, 1976, against last year's £7.6m. Granada has beaten its forecast of a 20 per cent. rise in pre-tax profits for the half-year. In company comments, the 20 per cent. pre-tax profits rise at **Carlton Industries** is featured: and the 55 per cent. profits rise at **Courts Furnishers** on a 43 per cent. rise in turnover. General Engineering more than trebled its profits to £1m. mainly due to a switch to in-house production of all its components. Readicut has announced a one-for-four rights issue at 22½p to raise £3.35m.

Reardon Smith outlook

THE DIRECTORS of Reardon Smith Line are convinced that a progressive policy must continue although at times it may be necessary for a certain amount of retraction of tonnage to take place.

The next 12 months will be a difficult period in the shipping industry but with world trade improving, they are confident that problems will be resolved and the company will again in the longer term, achieve an improved level of profitability.

The expected upturn in world trade is beginning to be reflected in current freight rates which, although still low, are at better levels. And through the advantageous low building cost of the company's vessels, the future is faced with confidence, states the chairman, Mr. C. R. Chatterton.

The company's involvement in drilling rigs continues in the short term to present problems but the directors are confident that with the advent of new licence issues there are better prospects in the long term.

As reported, pre-tax profit for the year ended March 31, 1976, was estimated at £4.63m. (£6.17m.) and Mr. Chatterton says these results are confirmed. The net dividend is 2.74422p (2.8265p).

At June 18, 1976, Sociedad Internacional De Bienes Raices S.A. of Panama held 20.28 per cent. of the Ordinary, Sir William Reardon Smith and Sons held 11.03 per cent.

Meeting, Cardiff, July 22, 3 p.m.

Lincroft Kilgour setback

ON A VIRTUALLY static turnover of £4.8m. against £4.74m., pre-tax profits of the Lincroft Kilgour Group, men's clothing manufacturers and textile processors, fell from £375,786 to £252,128 in the half year ended March 31, 1976.

	1975-76 £	1974-75 £
Turnover	4,804,304	4,739,918
Profit before tax	252,128	375,786
Taxation	131,107	185,409
Net profit	121,021	190,377
Minorities	1,030	*1,435
Attributable	119,991	181,812
Interim dividend	37,024	31,753
Retained	82,967	150,059

* Loss. An extraordinary surplus of £135,735, not included in attributable earnings is being transferred to capital reserves. This represents surplus on redemption of loan stock (£74,539) and net currency gains (£86,196) comprising unrealised gains on consolidation as reduced by realised losses on currency dealings.

Trading conditions have now begun to improve and the directors anticipate that results for the second half will exceed those of the first six months, enabling a maximum permitted dividend total to be recommended. An interim of 1.19p (1.08p) is now declared.

First half attributable earnings emerge at £119,991 against £181,812 and per 10p share they are stated at 2.5p (3.79p).

● comment

Lincroft's profits decline continued in the first half with margins down more than 2½ points on almost static turnover. However, the current order book suggests the group has turned the corner. The 80 per cent. export orientated textile processing division is benefiting from the sterling devaluation overseas while, by the same token, U.K. tailoring is seeing good demand from tourists and the mail order side is picking up as imported cloths become less competitive. In addition, new sales efforts in South America are aimed at compensating for the loss of the Portuguese and Lebanese markets. On balance, however, recovery is likely to be slow—at least until 1977. Although stocks have been reduced to around £1¾m. (from £2.2m. in the last balance sheet) there is a small net overdraft. The yield of 17.2 per cent. shares at 29p give a prospective

Whatlings profits rise

Profits of civil engineering and building contractors, Whatlings increased from £25,000 to £88,000 in the half year ended March 31, 1976, before tax of £46,000 against £13,000. Turnover improved from £6.43m. to £9.38m.

The net interim dividend is raised from 0.175p to 0.2p per 5p share and the directors expect to recommend a maximum permitted final of 0.201382p—total dividend in 1974-75 was 0.446875p from pre-tax profits of £233,080.

In their annual report last year, the Board said, the volume of work on hand would ensure that the current year would again show a record volume of turnover and a significant increase in profitability was also expected.

Upsurge at General Engineering

AGAINST an expectation of some £700,000, pre-tax profits of the General Engineering Company (Radcliffe) have more than trebled from £330,000 to £1.04m. for the year ended March 31, 1976. Sales improved from £6.87m. to £9.41m.

And the directors state that the order load is such that turnover and profits for the current year should at least be maintained.

Stated earnings per 10p share have increased from 2.5p to 8p and the net final dividend is 1.06p making a maximum permitted total of 1.46p compared with 1.2p previously. A one-for-two scrip issue is also proposed.

The earnings increase is the result of a long period of reorganisation, economies resulting from centralised administration and the restoration of normal profit margins, the directors say.

The sharp increase in material costs in 1976, due to a large extent to devaluation of sterling, gives cause for concern as to its effect on prices in a period of intense competition, the directors say. These effects have been offset so far as possible by use of the foreign currency market.

	1975-76 £000	1974-75 £000
Sales	9,405	6,870
Trading profit	1,284	631
Interest paid	247	251
Profit before tax	1,037	380
Tax	477	186
Net profit	560	174
Extraordinary debits	119	—
Debenture redemption res.	6	6
Interim dividend	28	14
Final dividend	74	79

Export sales were maintained at a high level, accounting for 64 per cent. of turnover, and were substantially helped by overseas subsidiaries. A further subsidiary sales company has been established in France to complete coverage of the western European market.

● comment

General Engineering (Radcliffe) has ended the year on a very firm footing, with trading margins more than doubled to 13.6 per cent. and pre-tax profits 48 per cent. higher than forecast. The big reduction in costs is due to the switch from sub-contracting to in-house production of all components, thanks to the investment in new plant over the past three years. The current year may see even further cost savings as the company continues its capital expenditure: last year £300,000 was expended and a similar amount is budgeted for 1976-77. With this prospect and the gradual improvement in overseas sales (64 per cent. of total turnover) GE looks capable of achieving further growth. At 27p, up 4½p, the p/e is 3.2 and the yield 8.7 per cent. covered 5.5 times.

Carlton Industries increase

FOR THE year ended March 31, 1976, profits before tax of Carlton Industries increased from £4.41m. to £5.32m. on virtually maintained turnover of £76.25m. against £76.68m.

Stated earnings per share are up from 8.3p to 9.2p and the net final dividend is 3.094p, making a maximum permitted total of 4.469p against 4.125p previously.

When reporting first half profits up from £2.14m. to £2.36m., the directors said they expected this trend to continue into the second six months.

	1976 £000	1975 £000
Turnover	76,248	76,677
Trading profits	5,049	5,914
Batteries and industrial fasteners	3,204	2,113
Whisky	1,345	1,407
Housebuilding	1,402	1,310
Other activities (loss)	212	14
Interest & overheads	734	803
Profit before tax	5,315	4,413
Tax	2,555	1,751
Net profit	2,760	2,662
Minorities	597	762
Extraordinary credits	988	305
Attributable	3,141	2,406
Dividends	1,157	936
To reserves	1,984	1,470

Notwithstanding capital expenditure of £3m., borrowings have been reduced by more than £10m. during the year and plans for the current year include continuation of the capital investment programme combined with a further though more modest reduction in gearing.

The group is controlled by London Merchant Securities.

● comment

Carlton Industries is 20 per cent. ahead pre-tax, with most of the increase coming from lead acid batteries, which, together with industrial fasteners, accounted for more than half the profits. Further growth in the current year is expected to come from this division, while little improvement is looked for in whisky and housebuilding. Other construction activities, which saw higher losses last year, are expected to remain depressed. Meanwhile, the sale of two subsidiaries, plus the improved cash flow, has resulted in a £10m. reduction in borrowings to £26m.: a further reduction of between £3m. and £4m. is envisaged in the current year—though gearing remains relatively high at 144 per cent. of net shareholders' funds. At 61½p, up 3½p, the p/e is 6.4 and the yield 11.8 per cent. covered just over twice.

Lamont

Lamont Holdings, the engineering, financial services and property concern from which former Slater Walker director, Mr. Tony Buckley recently resigned as group managing director, has made taxable profits of only £3,000 in 1975, compared with £54,643 the previous year.

Referring to Mr. Buckley's appointment with the intention of expanding the company's financial services division, Lamont's chairman, Sir Desmond Lorimer, states:

"As a first stage of this expansion, we began discussions with London and European Group with regard to merging our various and complementary activities in financial services and investment banking. These negotiations continued until March of this year, at which point we decided to withdraw and continue our development in this field independently. At the same time Mr. Buckley gave up his executive position with the company and has since left the company's service."

He adds: "We have made provision in the accounts for a write-off of £102,000 in respect of investments connected with those developments which were entered into at the end of last year. Further similar type investments made in the early months of this year will require the company to make additional provisions of approximately £50,000 in the current year."

The dividend is maintained at 0.7p per share.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Barranquilla Invests. int.	10.77	Oct. 1	9.79	—	25.33
Bristol Plant	0.3	Sept. 2	0.3	0.3	0.6
British Sugar int.	4.65	Sept. 1	4.22	—	8.44
Carlton Industries	3.09	Sept. 22	2.75	4.47	4.13
Courts (Furnishers)	1.56	—	1.42	2.84	2.59
G. H. Downing	3.29	Oct. 1	5.15	9.29	8.55
East Asiatic Rubber	1.24	—	nil	3.72	2.48
Gen. Engry. (Radcliffe)	1.06	—	1	1.46	1.2
Granada int.	1.43	Oct. 1	1.3	—	2.38
Kinta Kellas Rubber	1.09	Sept. 14	0.99	1.57	1.44
Lincroft Kilgour int.	1.19	Sept. 28	1.08	—	2.52
LMI	2.42	—	2.2	4.02	3.7
Stock Conv. & Investment	0.95	Aug 23	0.87	1.63	1.49
Whatlings int.	0.2	Sept. 30	0.18	—	0.45

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Peak £1.3m. for LMI: 33% scrip

SALES FOR the year ended March 31, 1976 at London and Midland Industrials increased from £12.25m. to £13.11m. and profit was up from £1.26m. to a record £1.36m. before tax of £690,000, compared with £646,000. There is a proposed one-for-three scrip issue.

The directors report that operations in the current year have started well and profitably—bank borrowings have been reduced from £928,000 to £445,000 and the company continues to operate within its facilities. Given reasonable trading conditions profits "should continue to improve," says Mr. C. M. Beddow, chairman.

Earnings are shown to be up from 11.2p to 12.4p per 25p share for the year and a final dividend of 2.42p net makes a total of 4.02p (3.7p), the maximum allowed.

	1975-76 £000	1974-75 £000
Sales	13,105	12,249
Profit before taxation	1,360	1,259
Taxation	690	646
Net profit	670	613
Minorities	7	11
Extraordinary credits	45	48
Attributable	708	650
Dividends	237	224
Retained	471	426

● comment

Second-half profits at London and Midland fell marginally because intense competition on the fastener side reduced margins and the company's profits are no longer concentrated in the second half. Over the full year, profits rose 8 per cent.—a reasonable performance for the engineering sector, made possible by growth in the consumer division. Exports have been relatively modest but last year they rose by a third to 15 per cent. The recovery of the company has been consolidated and, while strong profits growth could be delayed for another year, the group has made no call on shareholders' funds. The shares at 51½p yield 12.6 per cent. (covered 3.1 times) compared to a general engineering average of 6.8 per cent.

Deficit at Bristol Plant

On turnover down from £2.65m. to £2.49m. Bristol Plant incurred a loss of £66,147 for the year to March 31 compared with profits of £194,338. There is no tax charge against £18,541.

At the halfway stage profits had dropped from £176,960 to £10,521.

A single final dividend of 0.3p net per 10p share compares with a total of 0.6p for 1974-75.

The recession in the building industry continued to deepen say the directors with plant hiring affected by a drop in volume of 18 per cent. and by margins eroded by severe competition caused by slack demand.

Carlton JCB Holdings in which Bristol Plant has a 37 per cent. investment ceased to trade during the year in view of doubts of it being able to operate profitably in present conditions.

It is difficult to forecast results for the current year, members are told, but the company is in a strong financial position and there is a "reasonable prospect of an early return to profitability."

● comment

Bristol Plant's first full-year pre-tax loss comes after a depreciation charge of £363,000, an interest charge reduced from £32,000 to £17,000 and a profit of £45,000 on the sale of fixed assets leaving an actual trading profit of £269,000. This is still 52 per cent. down on the previous year, however, reflecting the company's vulnerability to local authority spending cuts. The new French interests have broken even and are expected to contribute profits this year. Otherwise there is little prospect of much recovery in the current year in spite of new efforts to reduce reliance on LA work and to switch to longer leasing contracts. The shares at 8½p (10p nominal) give a market capitalisation of £0.87m. Carlton Industries holds a 63.6 per cent. stake.

Optimism for future at N. Brown

Without necessarily expecting current year profits to show any dramatic improvement over last year, the chairman of N. Brown Investments, Mr. D. Alliance, confirms his optimism for the future.

As reported, pre-tax profits for the year ended February 28, 1976, amounted to £317,299 (£695,499). The dividend is held at 2.508p net.

The directors have re-appraised and rationalised aspects of mail order selling and distribution policy and this has resulted in higher value orders from a revised customer list.

Following the loss of the principal export market, the group is seeking to replace the lost turnover and two new catalogues have been recently introduced in the home trade.

Since the start of the current year the directors have redeployed the principal mail order operation into two main distribution centres compared with the five previously in use. The surplus properties resulting from this redeployment, together with other group properties which are surplus to operational requirements, are being sold and this will result in lower borrowings and improved gearing in the near future, says the chairman.

In the light of the high and ever increasing selling and distribution costs alternative means of distribution on the mail order side are being investigated. This applies not only to merchandise sent to customers but also to the distribution of catalogues, monthly statements, general correspondence and, on behalf of customers, orders and remittances sent in.

While it is not anticipated that these developments will have very much impact in the current year, the chairman is sure that benefits from each of them can certainly be expected to materialise in 1977.

TCK recovery prospects

Although the first quarter of 1976 of TCK Group saw a continuation of the depressed trading conditions seen in the second half of 1975, demand has now recovered, and the losses incurred in the early months will be offset to a large extent in the second quarter, says the chairman, Mr. S. R. Rowlinson.

Order books throughout the group suggest that in the second half a return to the level of profitability enjoyed at the beginning of 1975 will be seen.

As the group now has the right level of diversification, it is not intended to expand into other areas before bringing each of the current activities up to full potential. Growth, "at least throughout 1976 and 1977, will depend largely on internal development, the chairman adds.

Profit, before tax, for 1975 was £58,756 (£149,186). This is £58,000 lower than that reported in the preliminary statement last March because it was decided that, in view of slow sales of certain products since then, it would be prudent to write down the items of stock affected.

While the main businesses continued to operate satisfactorily, profits from packaging machinery and central heating equipment were offset by the high initial costs of setting up the press business in Blackburn, foreign exchange losses on imports from the U.S. and West Germany, and losses on a non-recurring subcontract. These three factors, together with the stock write-down, reduced profits by some £220,000 pretax.

The value of net assets attributable to Ordinary holders at the end of the year was 128.5p per share (69.8p). The increase results largely from the effect of an independent professional revaluation of the Dundee land and buildings, which gave an increase of assets of £485,000 after full provision for future capital gains tax liability.

It is proposed to increase the borrowing powers.

Granada up £1.6m. after 28 weeks

IN THE 28 weeks ended April 10, 1976 profits of Granada Group expanded from £7.02m. to £8.66m., and earnings per 25p share are stated to be up from 3.6p to 4.6p. Chairman Lord Bernstein reports that results continue to show the improvement over 1975.

The U.K. rental business (now a wholly owned subsidiary) produced a profit for the period of £4.83m. (£4.51m.) after depreciation £8.85m. (£7.49m.) and interest £1.01m. (£1.76m.). This business has been further strengthened by the addition of some 300,000 rental subscribers following the acquistion of Spectra Rentals on May 27, 1976, says the chairman.

The overseas television rental business continues to progress: turnover for the six months to December 31, 1975, was £7.42m. (£4.28m.) and there was a profit of £181,000 compared with a deficit of £264,000.

Television has had a good half year. Advertising revenue was some 31 per cent. higher resulting in a profit of £2.72m. (£1.66m.).

The fall in the exchange rate of sterling results in a debit adjustment of £1.02m. (£693,000) and this is a matter which will be dealt with in the annual accounts.

The interim dividend is raised from 1.3p to 1.43p net, costing £1.19m. (£0.94m.). For the year ended September 30, 1975 a total of 2.375p was paid from profits of £14.24m.

	28 weeks 1976 £000	1975 £000
Turnover	77,816	59,567
Trading surplus	22,612	19,190
Depreciation—TV assets	10,347	8,338
Depreciation—other assets	1,364	1,093
Interest	2,440	2,732
Profit before tax	8,661	7,017
Taxation	4,760	3,387
Net profit	3,901	3,630
Minorities	73	450
Attributable	3,828	3,380

The property offshoot Barranquilla Investments reports profits up from £375,000 to £409,000, before tax of £218,000 (£200,000). Earnings per 50p share are stated to be up from 21.2p to 23.1p.

The interim dividend is raised from 9.79p to 10.77p net—the total for 1974-75 was 25.33p.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Wearra.

Finals—Baileys of Yorkshire, Flare Textiles, M. Muir, Symonds Engineering, Walker and Staff.

FUTURE DATES

Interims—
AC Cars ... July [illegible]
Glass Glover ... July [illegible]
Sheepbridge ... July [illegible]
Morris (Herbert) ... July [illegible]

Finals—
Caledonian Trust ... Aug. [illegible]
Copydex ... July [illegible]
Crowther and Nicholson ... July [illegible]
English Card Clothing ... July [illegible]
Macdonald Martin Distilleries ... July [illegible]
Marling Industries ... July [illegible]
Mercury Securities ... July [illegible]
Oil and Associated Investment Trust ... July [illegible]
Technology Investment Trust ... July [illegible]
View Forth Investment Trust ... July [illegible]
Yates (William) ... July [illegible]

£0.78m. by East Asiatic

INCLUDING gross investment income, profits of East Asiatic Rubber Estates more than doubled from £356,135 to £779,[illegible] in the year to March 31, 19[illegible] subject to tax of £380,462 compared with £232,209.

First half profits of £115,[illegible] (£267,748) did not include the usual dividends from the subsidiary Teluk Merbau Plantations. These were paid after September and totalled £333,000 net.

	1975-76	[illegible]
Profit before tax	[illegible]	[illegible]
Tax	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Interim dividend	[illegible]	[illegible]
Proposed final	[illegible]	[illegible]
Parity change to it's.	[illegible]	[illegible]
Carried forward	[illegible]	[illegible]
Fixed assets	2,115,[illegible]	[illegible]
Invest. in subsidiary	[illegible]	[illegible]
Current assets	1,362,264	[illegible]
Current liabilities	462,[illegible]	[illegible]
Total net assets	3,265,888	[illegible]

The final dividend is 1.24p per 5p share for a 3.72p (2.4[illegible]) total.

Increase at Kinta Kellas

TURNOVER for the year to March 31, 1976 of Kinta Kellas Rubber Estates increased from £701,871 to £788,350 and pre-tax profits expanded from £235,870 to £310,010.

Earnings are shown to be up from 2.42p to 3.22p and the final dividend is 1.09p net per 10p share lifting the total from 1.4435p to 1.573p.

	1975-76	1974-75
Turnover	788,350	701,871
Tin tributes	87,477	97,370
Investment income	73,333	56,718
Replanting expenditure	86,077	57,423
Profit before tax*	310,010	235,870
Tax	176,905	135,744
Net profit	133,105	99,826
Interim dividend	19,884	18,694
Proposed final	48,031	40,931
Transitional relief	2,961	2,610
To general reserve	71,389	42,666
Forward	38,766	39,594

* A proportionate share of associate's profits is included.

Laing chairman to see Benn

THE ENERGY Secretary is to invite Sir Maurice Laing, chairman of John Laing and Son to a meeting to discuss the future of Laing Offshore.

The meeting follows talks between Mr. Wedgwood Benn and local union officials who are trying to save the jobs of [illegible] workers due to be made redundant later this month when the yard completes its last order: a platform for Burmah [illegible] Thistle Field.

Mr. Benn told unions that prospects of the four-year-old yard winning oil-related work orders for gas platforms in the near future were slim.

Union leaders are hoping for financial aid to adapt the yard for other work to save at least some of the threatened jobs.

ISSUE NEWS AND COMMENT

Readicut raising £3.3m.

Readicut International is raising £3,335,000 by way of a one-for-four rights issue at 22½p per share. The shares closed 1p lower at 28p yesterday.

The issue will be of 15.89m. shares offered to holders on June 21, and payable in full on acceptance on or before July 26.

The Board estimates that in the current year Readicut will invest about £2.6m. in new plant and a further £2.4m. will be required to finance working capital needs. Proceeds will finance the investment programme and provide a basis for future expansion.

Pre-tax profit for the current year to March 31, 1976, should be in excess of last year's £5.6m. On this basis it is intended to pay a 25 per cent. increase in the dividend to 1.42p per share. Treasury permission has been obtained.

The issue is underwritten by N. M. Rothschild. Brokers are Hoare Govett and Pidgeon Maguire.

● comment

Working capital requirements at Readicut are expected to rise by 10-15 per cent. in the current year, partly as a result of the chronic cash deficiency at the recent Plasticisers acquisition. In addition, the group's capital spending (which has averaged £1½m. over the last five years) will rise to £2.4m. in the coming year. With a net cash flow of £2.71m. last year the company can finance initially just over half of its increased capital needs and the £3.3m. rights issue should leave it with an extra £1m. in the kitty. The issue is pitched at a discount of 22.4 per cent. The shares, offering a prospective yield of 7.9 per cent. based on the ex-rights price, closed down at 28p.

SANDWELL SUCCESS

The issue of £15m. of 13 per cent. Redeemable Stock 1982 of the Metropolitan Borough of Sandwell was oversubscribed.

Applications for up to £1,[illegible] of stock have been allotted in full; applications for £1,500 to £3,[illegible] receive £1,000. Thereafter applicants will receive about 27 per cent., with a maximum of £267 allotment to any one applicant.

VIKING—93.3%

Viking Oil announces that in response to the rights issue of 1,050,000 new Ordinary £1 shares they have received applications from existing shareholders in respect of 970,850 shares (93.3 per cent.). Applications for excess shares have also been received in respect of 70,150 shares.

RESULTS AND ACCOUNTS IN BRIEF

ALPINE SOFT DRINKS—Results for year to March 27, 1976, scrip issue of 1-for-1, and current year prospects, reported June 16. Fixed assets £2.18m. (£1.73m.). Net current assets £37,784 (£12,866 liabilities). Group expanding selling into south east of England and continuing expansion into Scotland and Wales. Factory acquired at Walthamstow, from which sales will commence in London late summer. Meeting, Birmingham, July 20, noon.

ATTWOOD GARAGES (controlled by Attwood Securities)—Results for year to January 29, 1976, reported June 23. Group fixed assets £0.8m. (£0.52m.). Net current assets £0.3m. (£0.32m.). Meeting, Wolverhampton on July 29 at noon.

CHESTERFIELD PROPERTIES—Full results 1975 reported May 28. Properties valued at £35.8m. (£31.21m.), net current liabilities £2.92m. (£4.94m.). Chairman says that the company owns portfolio which has maintained its value and has potential for future growth. Meeting, 1, Avery Row, W., July 21, 11 a.m.

CLARK AND FENN (HOLDINGS)—now controlled by Trafalgar House Investments—Results 1975 reported June 11. Group fixed assets £2.05m. (£1.19m.). Net current assets £0.45m. (£1.34m.). Revaluation of land and buildings threw up a surplus of £0.83m. which has been credited to capital reserve. Meeting, 1, London Wall, E.C., July 23, noon.

DORMAN SMITH HOLDINGS (manufacturing electrical engineers)—Results year to March 31, 1976, scrip issue proposal and observations on prospects reported June 29. Group fixed assets £2.69m. (£2.02m.). Current assets £6.02m. (£5.08m.), liabilities £4.18m. (£3.2m.). Meeting, Preston, July 28, noon.

R. A. DYSON AND CO. (trailer makers and engineers)—Results for year ended March 31, 1976, with prospects for first half of current year, reported May 21. Fixed assets £71,747 (£72,756). Net current assets £511,166 (£437,194). Meeting, Liverpool, July 19 at noon.

DWEK GROUP—No dividend for 1975 (0.335p net). Turnover £3,084,000 (£3,366,000). Group loss £39,381 (loss £8,765) after tax £9,663 (£3,425), but before extraordinary credit £51,949 (debit £25,835). Loss per 10p share 0.52p (loss 0.12p).

EDWARD JONES (CONTRACTORS)—Results 1975 and observation prospects already known. Group fixed assets £0.31m. (£0.28m.). Net current assets £0.28m. (£0.23m.). Meeting, Penmaenmawr, July 16, noon.

GOLD FIELDS GROUP—U.K. equivalents of the dividends declared on June 8 are as follows: Doornfontein Gold Mining 16.18369p, East Driefontein Gold Mining 22.65717p, Kloof Gold Mining 14.24165p, Libanon Gold Mining 23.89391p, Venterspost Gold Mining 3.23674p, Vlakfontein Gold Mining 4.53143p, West Driefontein Gold Mining 81.88541p.

FEB INTERNATIONAL—Results 1975 reported May 27. Analysis of sales and profit (£000s omitted) shows chemicals and fixing devices £3,040 (£2,478) and £264 (£234); distribution building and plumbing materials, etc., £5,858 (£5,083) and £99 (£217). External exports were £645,000 (£519,000). Group property, plant, etc., £1.02m. (£1.07m.). Net current assets £0.29m. (£0.18m.). Company continues to pursue all opportunities for increasing its market and close control over the use of assets should enable results to continue satisfactorily. Certain properties surplus to trading requirements have been disposed of or let on long-term lease. It is intended to continue this policy, says the chairman, Mr. G. Fisher. Meeting, Swinton, Manchester, July 15, at 10.30 a.m.

HOUSE OF SEARS (HOLDINGS)—No dividend for year ending January 3, 1976 (same). Sales £525,576 (£449,638). Profit £10,337 (£7,251). Financial year to end on August 31.

LEIGH INTERESTS—Results year to March 31, 1976, reported June 18. Group fixed assets £1.09m. (£0.91m.). Net current assets £0.37m. (£0.38m.). Meeting, Edgbaston, July 20, noon.

F. H. LLOYD HOLDINGS (steel founders, re-rollers manufacturers of engineering products)—Results for 53 weeks to April 3, 1976 reported June 24 with comments on prospects. Fixed assets £11.67m. (£11.58m.), net current assets £14.67m. (£10m.). Meeting, Winchester House, E.C., on July 28 at noon.

LONDON SUMATRA PLANTATIONS—Accounts for 1975 delayed because of late receipts of returns from subsidiaries in Indonesia. Expected to publish accounts by middle August.

LONDON CREMATION CO.—Pre-tax profit £61,219 (£50,744) year to March 31, 1976. Tax £31,263 (£26,207). Retained £10,475 (£5,065). Final 3.5 per cent net making 6 per cent. net (same). Chairman says in current year earnings for first two months are higher than previous year. Rising costs will continue to be a problem and he is reluctant to attempt a forecast of year's results.

LEOPOLD JOSEPH HOLDINGS (merchant bankers)—Results for year to March 31, 1976, reported June 22. Current assets £65.71m. (£62.88m.), liabilities £61.4m. (£56.96m.). Bayerische Landesbank and Bremer Landesbank between them hold 26 per cent. of the equity. Meeting, Brewers Hall, EC, on July 2[illegible] at noon.

MENDIP INVESTMENT—Gross income for three months to May 31, 1976, £61,46[illegible] (£42,107). Net income £18,195 (£7,898) after interest and expenses £31,70[illegible] (£28,340) and tax £11,567 (£5,641). Earnings per 25p share 0.45p (0.20p). Net assets per share 84.9p (82.9p).

NEW THROGMORTON TRUST—Results for year to March 31, 1976, already known. Investments £10.25m. (£14.82m.). Net current assets £349,149 (liabilities £3.72m.). Investment strategy is to maintain fairly fully invested portfolio of U.K. equities with strong balance sheets and above average overseas and/or export earnings. Situation being closely watched and is sufficiently mobile for liquidity to be increased if conditions deteriorate further. Meeting, 25, Milk Street, E.C., on July 21, at 12.30 p.m.

NORTHERN GOLDSMITHS (retail jewellers)—Results for year to February 29, 1976, already known. Fixed assets £530,415 (£156,578). Net current assets £1,125,298 (£1,066,882). Chairman says turnover in May and June well ahead of last year and current year should [illegible] better performance of 1975-76. Meeting, Newcastle upon Tyne, July 27, at 10.15 a.m.

PAULS AND WHITES (animal foods, malt, brewing materials, flavours, essences)—Results for year ended March 31, 1976, reported June 11. Fixed assets £12.58m. (£12.81m.). Net current assets £11.37m. (£9.65m.). Chairman believes there are good prospects for efficient manufacturers in group's industries and [illegible]

SMITH BULMER (worsted comb[illegible] and spinners)—controlled by Park[illegible] Textile (Holdings)—Results year to [illegible] 27, 1976 and observations on prospects reported June 2. Fixed assets £1.[illegible] (£1.02m.). Net current assets £0.[illegible] (£0.32m.). Present indications [illegible] chairman to believe company will r[illegible] to profitability during next financial [illegible] Meeting, Bradford, July 14, noon.

SUPRA GROUP—Results year to [illegible]

هكذا صح الأصل

MINING NEWS

Nchanga clouds now lifting

BY KENNETH MARSTON, MINING EDITOR

AFTER A year in which copper prices have fallen, costs have risen and Zambia's mines have been beset by severe transport problems, Nchanga Consolidated Copper Mines reports a final quarter loss of K2.5m. (£2.19m.). It leaves the company with a profit for the year to March 31 of only K0.3m. (£263,000) compared with a profit of K58.8m. in 1974-75. No dividends have been declared for the year just ended.

Both production and metal sales were lower in 1975-76 and the average price received for copper fell to K768 (£673) per tonne from K1,087. It is notable that with the easing of transport problems sales of copper rose to 114,228 tonnes in the March quarter, bringing the year's total to 386,281 tonnes.

During the March quarter, Nchanga received an average price of only K757 (£664) per tonne for its copper. Since then copper prices have recovered sharply and cash wirebars closed at £917 on the London Metal Exchange yesterday.

It is thus reasonable to hope that the June quarter's results will usher in a year of much improved fortunes for Nchanga which is 51 per cent.-owned by the Zambian Government and 49 per cent.-owned by Zambia Copper Investments. Shares of ZCI were 29p yesterday.

ERPM REDUCES OPERATIONS

Against the background of a falling bullion price, which closed at a 29-month low of $123.125 per ounce yesterday, and increasing working costs, the Barlow Rand group's veteran East Rand Proprietary Mines, which commenced milling in 1908, has, as a temporary measure, decided to reduce its scale of operations by some 25 per cent., effective over the next three months.

Certain shafts will be closed temporarily and the planned reduction in tonnage will alow for a more selective pattern of mining with a consequent improvement in the average grade of ore mined and in the company's cash flow. Capital expenditure will be kept to a minimum.

How the fluctuations of the gold price can affect the performance of a marginal mine are illustrated by the fact that in March of this year ERPM's chairman, Mr. Lawrence, looked forward to an improved performance in 1976 despite the mining of lower grade ore. The shares were 285p yesterday; they reached a record £14 last year.

BRACKEN MINES REPAYING 10c

A first capital reduction of 10 cents (6.45p) a share is proposed by the Union Corporation group's Bracken gold mine to holders registered on September 24. This will bring the company's authorised and issued capital down to 14m. shares of 90 cents.

The company states that the present capital is surplus to requirements as the mine is nearing the end of its life. In the annual report for the year to last September, it was stated that at a bullion price of around $140 per ounce the mine's life would be between five and six years. Since then, the bullion price has gradually declined, closing at $123.125 yesterday, its lowest since January 11, 1974. Bracken were 180p yesterday.

DENISON'S OIL AND GAS DEAL

Canada's Denison Mines has reached agreement with America's Oceanic Exploration whereby Denison will buy a 68¾ per cent. interest in northern Aegean Sea oil and gas licences being explored by Oceanic and its partners. The deal is subject to Greek Government approval.

Subject to further approval, the agreement also includes the acquisition by Denison of a partial interest in oil exploration licences held by Oceanic onshore and offshore of Cameroon, Nicaragua and in the British North Sea.

MINING BRIEFS

MOUNT LYELL MINING—

	14 weeks to 30/6/76	12 weeks to 19/6/75
Ore milled (tonnes)	610,337	567,590
Copper grade (%)	0.946	1.219
Concentrates (tonnes)	29 822	24,138
Grade (%)	23.76	25.36
Realisable metals in concentrates—		
Copper (tonnes)	4,351	5,594
Gold (grams)	85,253	178,596
Silver (grams)	816,529	1,216,440

BIDS AND DEALS

Ladbroke buying Perry Barr

LADBROKE GROUP has made an agreed £600,000 bid for Perry Barr Stadium—its second acquisition in greyhound stadia ownership this year. In February it made a £1.14m. offer, which was ultimately successful, for Totalisators and Greyhound Holdings.

Holders of Perry Barr £1 Preferred Ordinary shares are being offered £6.80 cash per share, and £5.80 cash is being bid for each Deferred 5p share. An alternative share and/or loan stock offer will also be extended to accepting shareholders.

The directors of Perry Barr have given irrevocable undertakings to accept the offers in respect of 5,294 Preferred Ordinary and 8,639 Deferred shares and are advising other shareholders to follow suit. These undertakings together with Ladbroke's holding of 5,529 Preferred and 8,403 Deferred shares, amount to 25.43 per cent. of and 31.18 per cent. of the capitals respectively.

The last published accounts for the year ended February 28, 1975, showed that Perry Barr made pre-tax profits of £115,000.

G. R. Dawes is acting on behalf of Ladbrokes and Hill Samuel has advised Perry Barr.

SUNLIGHT BUYS FROM VANTONA

The Sunlight Service Group, whose main interests are in the ownership and management of laundries and dry cleaning works, is to pay Vantona, the household textiles and ladies garments group, £1.92m. for its Modeluxe linen hire business. Sunlight will also ensure that Modeluxe repays loans of a further £435,000 made by other companies in the Vantona Group.

The deal is conditional on Sunlight's shareholders giving their approval to an increase in the group's borrowing powers. The acquisition of Modeluxe, if it goes through, will add considerably to Sunlight's existing linen hire interests.

REDIFFUSION TV

British Electric Traction has offered to acquire the 29,232 Ordinary £1 shares (8.6 per cent.) and the 391,522 Non-Voting "A" £1 Ordinary (8.2 per cent.) of Rediffusion Television not already held by BET and its subsidiary Rediffusion Ltd.

BET owns 182,920 Ordinary (53.8 per cent.) and 2,587,819 Non-Voting "A" Ordinary shares (54.4 per cent.) of Rediffusion Television, and Rediffusion Ltd., in which BET holds a 57.7 per cent. equity interest, owns 127,848 Ordinary (37.6 per cent.) and 1,780,659 Non-Voting "A" Ordinary shares (37.4 per cent.) of Rediffusion Television.

Terms of the offer are: 47 Deferred Ordinary shares of 25p each of BET for every seven £1 Ordinary or £1 Non-Voting "A" Ordinary shares of RTV.

SUN LIFE

Sun Life Assurance Society now claims 47.8 per cent. of Artagen Properties (acceptances of 3.02m. shares, purchases of 5.1m. shares, plus the original 26.86m. shareholding). In a reminder to shareholders that the 90p cash offer closes next Tuesday, Mr. Philip Walker, chairman of Sun Life, claims that Sun Life will "obtain a controlling interest by a significant margin."

He states that Sun Life's objective remains to acquire the balance of the capital and integrate the Artagen property portfolio with its own. He also states that the assurances given about treatment of any minority left in Artagen should Sun Life gain control were "given quite voluntarily."

ARAB STAKE IN BEYER PEACOCK

A Saudi Arabian company, National Chemical Industries, has bought a 27 per cent. stake in Beyer Peacock, manufacturers of machinery and construction materials, at 25p each, valuing the company at £2m.

NCI is a major customer of Space Decks, a subsidiary involved in the manufacture of structural steel pyramid units for the construction industry, and is licensed to erect these units in Saudi Arabia.

About 18 per cent. of the shares now acquired have come from the failed Moore Group's 27 per cent. holding in Beyer Peacock placed with Drayton Montagu Portfolio Investments in November, 1975, at half the current price on behalf of their investment trust clients. The remainder has been purchased from one other institution.

Talks between the companies are now expected to continue over the next couple of weeks to consider the new arrangements.

Last night Beyer Peacock shares closed 5p higher at 22p.

TRAFALGAR HOUSE

Trafalgar House Investments has issued £670,407 nominal of its 7 per cent. unsecured debenture stock as consideration for the acquisition of housebuilding land purchased in 1973 and subject to annual instalment payments, the last of which is next year. Under arrangements with the vendors, Trafalgar is to repurchase the stock at the issue price of £38½ per cent. This stock will then be cancelled.

NORWICH UNION

Norwich Union Insurance Group has acquired 25 per cent. of the equity of Marcol Computer Services.

AUDIOTRONIC

Audiotronic Holdings has acquired the business of Valley Electronics, for a consideration of 55,000 shares plus £27,500 cash. The assets acquired include two shops trading in Scotland, together with the balance of fixtures and fittings, stock and other current assets and liabilities of the business.

BRIDPORT-GUNDRY

Bridport-Gundry has acquired the balance (57.18 per cent.) of the Ordinary capital not already owned in Crewkerne Textiles for £194,400 cash.

Pre-tax profits attributable to the 57.18 per cent. of Crewkerne acquired were £56,000 for the year to September 30, 1975, and the assets acquired were £202,000.

NO PROBE

Mrs. Shirley Williams, Secretary of State for Prices and Consumer Protection has decided not to refer the proposed merger between Welfare Insurance Company and Keith and Henderson to the Monopolies and Mergers Commission.

TRIANCO

Central and Sheerwood now owns Ordinary and Preference shares representing 98 per cent. of the voting rights of Trianco Group. The outstanding Ordinary are being compulsorily acquired on July 11, while the Preference offer closes on July 16.

TOM MARTIN

On June 29 County Bank on behalf of S. and W. Berisford purchased 110,000 shares in Tom Martin Metals Group at 82p per share, and on June 30 bought a further 25,000.

Trading prospects at B. & C. Shipping

Trading at British and Commonwealth Shipping Company is proceeding on a reasonably defined course but it is too early to predict the pattern for the months ahead, states Sir Nicholas Cayzer, chairman.

Referring to the shipping division, the chairman says that although it is distressing to contemplate the continuance of a loss-making activity, given some improvement in world trade, the group's six bulk carriers should be capable of producing over the years a reasonable return on the capital employed.

Without the £0.87m. from profit on disposal of ships, the operating profit from shipping would have shown a reduction of £3.88m., which is more than accounted for by the turnround from profit to loss in the operation of the bulk carriers.

On staff cutbacks in this division, Sir Nicholas says that the principal contraction will be within the fleet management section, where an organisation set up to service the needs of a mixed passenger and cargo fleet is greater than that required to deal with what, "in a relatively short space of time, will become a straightforward cargo operation."

Turning to the acquisition of an interest in a support ship for pipe-laying in the North Sea, the chairman says that the 1975 operation was profitable but, together with another bulk carrier acquired for conversion to the same use, they are both idle at the present time.

As reported on June 18 pre-tax profit for 1975 declined from £19.2m. to £16.4m. but this was greater than the £12m. forecast at the interim stage. Dividend total is up from 6.9375p to 7.535p net.

Caledonia Investments holds some 49 per cent. of the equity.

Meeting, 14-20, St. Mary Axe, E.C., July 28, noon.

RUSH & TOMKINS

The Rush and Tomkins Group is reorganising its building operations in the U.K. All building work previously carried out in the names of J. T. Parsons and F. B. Howe (South-West), Task Construction (North) and Watts (N.W. London) will now be undertaken as Rush and Tomkins.

Chairman of the reorganised subsidiary will be Mr. A. J. Skivington (a group Board director) and the existing local management at the 11 regional offices remains unaltered.

The new structure will enable the company to service its increasing workload, which in 1976 will show a substantial increase on 1975, while at the same time giving the same local control as in the past over individual contracts.

British Sugar forecasts £12m.

PROFITS UP from £7.65m. to around £12m. are forecast by the British Sugar Corporation for the year ending September 26, 1976.

Main factors contributing to this result are a higher volume of sugar production and improved margins allied to greater and more efficient throughput.

Chairman Sir Gerald Thorley points out that the adverse climatic conditions of 1974 continued into 1975 and resulted in a second unusually low beet crop. However, operating conditions in the autumn and winter of 1975-76 proved to be excellent and group factories made the most of the small crop available. The outturn of sugar and dried molassed beet pulp in 1975-76 was rather better than the previous year, he reports.

As regards 1976-77 the group has succeeded in contracting for the target area of 511,000 acres, some 23,000 acres more than the previous year. The whole area was sown in almost perfect seedbed conditions in the early spring and is now growing.

While impossible to forecast the out-turn the chairman says that there is the potential for an average crop from the largest area ever contracted and sown.

The two sub-normal crops of 1974-75 and 1975-76 have been a disappointment and the lower than estimated profits of those years have had an adverse effect on cash flow. Notwithstanding this temporary setback the factory modernisation and expansion is continuing in accordance with the five-year plan.

An interim dividend of 4.645p net is declared and the directors expect to recommend a total up from 8.446p to a maximum permitted 9.29p net.

See Lex

Fewer orders at Sumrie Clothes

Sales deliveries at Sumrie Clothes in the current year to date are down on the same period last year and, with a curtailed forward order situation prevailing, the severities of the present trading recession will continue at least until the end of the calendar year, the directors say in their annual report.

Action taken to rationalise production capacity has achieved significant savings in direct costs and overheads, so that the company's activities are now more in line with present levels of demand, and eliminating unnecessary costs.

From this base, they feel confident that the company is in a good position to cope with the prevailing adverse situation and look forward "to an upturn in trading."

£3.79m. by Stock Conversion

IN LINE with the January forecast of about £3.75m., the Stock Conversion and Investment Trust has turned in attributable pretax revenue of £3.79m. for the year ended March 31, 1976 compared with £2.41m. in 1974-75.

The revenue is struck after minorities of £816,000 (£642,000) and is after writing £820,000 (nil) off certain properties pending clarification of the planning position.

As expected, the net final dividend is 0.975p making a maximum pemitted total of 1.625p compared with 1.497p previously. Stated earnings per 25p share are 3.98p (3.96p) actual and 3.50p (3.77p) fully diluted.

	1975-76 £000	1974-75 £000
Group revenue*	4,087	2,448
Minorities	816	642
Associates' share	514	601
Revenue before tax	3,785	2,407
Group tax	1,637	820
Associates' tax	330	494
Net revenue	1,789	1,193
Extraordinary credits	371	279
To capital reserve	379	256
Dividends	486	447
Retained	1,295	769
Forward	6,412	5,117

* After writing £820,000 off certain properties.

ANTONY GIBBS

Antony Gibbs and Sons (Insurance), and Lionel Sage and Co. are now trading under the name of Antony Gibbs Sage.

RECENT ISSUES

EQUITIES

Issue Price p***	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p***	+ or −	Div. Amount	Times Covered	Gross Yield	P/E
—	F.P.	—	10½	8½	Automated Sec. 10p	9	−¼	b0.65	2.5	10.8	[illegible]
—	F.P.	—	£26¼	£23¼	Berry Pacific Fd. US$1	£26	.....	40c	—	0.8	
$10,500	F.P.	—	$10,500	$9,500	Brasilvest S.A.	$10,500	....	—	—	—	
—	F.P.	—	£28⅝	£23	Emhart Corp. US$1	£28	.....	$1.20	—	4.2	
—	F.P.	—	31⅞	30⅞	Esmark $US1	£30¾	.....	Q$1.52	—	2.8	
47	F.P.	9/7	43	41	Wilson Walton 10p	42	.....	b3.18	2.1	11.9	

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £	+ or −
£99	£50	30/8	49⅞	47½	Birmingham (City of) 13% Red. Stock 1985	49¼	..
£100	—	—	102½	100	Debenhams 11% Con. Uns. 1995-8	£100	..
US$100	F.P.	—	98¼	96½	IAC 9½% Notes 1981	$96½	...
US$100	Nil	—	$99¼	$99	Lloyds Eurofinance Guar. Fl'ting N'ts 1983	$99	...
US$100	Nil	—	$99½	$99½	Nat. Westminster 9% Cap. Bonds. 1986	$99½	...
**£98⅛	F.P.	23/7	98⅞	98½	Newcastle & Gateshead 8% Red. Pref. 1981	98¼	...
US$100	Nil	—	101	100	Royal Bank of Scotland Floating Rate 1983	$101	...
US$100	F.P.	—	100½	99½	Sandvik 9½% Bonds 1985	$100	...
£95¾	F.P.	25/6	£96	£94½	Scottish Agric. Secs. 14% Deb. 1993	£95¾	...
‡£100	F.P.	2/7	124	110	Scot. Met. 9% Conv. 92/7	115	...
**£98	F.P.	30/7	98½	97½	Sunderl'd and S.Shields Wtr 8% Red Pref 1981	97¾	+¼

"RIGHTS" OFFERS

Issue Price p***	Amount Paid up	Latest Renunc. Dates †	Latest Renunc. Dates ‡	1976 High	1976 Low	Stock	Closing Price p***	+ or −
115	Nil	9/7	13/8	25	16	AAH	17pm	+1
58	F.P.	18/6	6/8	71	68	Bejam Group	70	..
70	F.P.	1/6	9/7	104	96	Boddingtons	102	..
55	F.P.	21/6	16/7	40	34	Booth (Intl.)	34	
38	Nil	—	—	4	2½	Charterhouse Grp.	3pm	—
14	F.P.	16/6	30/7	17½	14½	Coalite & Chemical	15	
28	Nil	9/7	6/8	4	1½	Downs Surgical	2pm	
140p	F.P.	29/6	30/7	172	166	Dundee-Combex-Marx	172	−2
8p	F.P.	25/6	16/7	9½	8½	Eswick-Hopper	8½	
29	Nil	—	—	5½	5	Hargreaves Group	5½pm	..
505	F.P.	27/5	2/7	420	400	Heath C.E.	400	
550	F.P.	10/6	2/7	379	348	I.C.I.	357	−2
47½	F.P.	—	—	68½	57	Lesney Products	62	—
57	F.P.	3/6	20/7	71½	61	Lloyd F.H.	64	...
188	F.P.	28/6	9/7	217	185	Lucas Inds.	216	+1
35	F.P.	11/6	2/7	48½	34	Mallinson Wm. & Denny Mott	34	..
130	F.P.	11/6	9/7	158	154	Portals	156pm	...
21	F.P.	22/6	20/8	24	22¼	Press (William)	22½	
47	F.P.	10/6	23/7	58½	49½	Ransome, Hoffman, Pollard	55	+½
58	Nil	—	—	7	5½	600 Group	7pm	+1
52	F.P.	16/6	23/7	56	52¼	[illegible]	55	+½
$A1.20	F.P.	18/6		127	93	Western Mining	127	+6
60	Nil	9/7	20/8	58	23	W.G.I.	29pm	+1
70c	F.P.			81	47	W...-Burmah	52	..

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. M Figures based on prospectus or other official estimate for 1976. r Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ✤ Offered to holders of Ordinary shares as a "rights." ✤ 290 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ✤ Introduction. ◆ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ≤ With warrants. ✤ After suspension.

NORTH SEA OIL REVIEW — BY RAY DAFTER

State oil and refinery expansion

[N]OW THAT British National Oil [Co]rporation has succeeded in its [bid] to win a presence in British [Pe]troleum's refinery business it [wi]ll gain a front seat view of a [sit]uation that is causing the oil [in]dustry considerable concern. [In] short, the industry foresees [a s]erious over-capacity of refin[in]g facilities remaining for [per]haps a decade, in spite of [th]e build-up of North Sea crude [pr]oduction.

BNOC seems to have recog[ni]sed this fact for although it [is] anxious to venture into [refi]ning and other "downsteam" [ac]tivities—it has to have some [out]let for all the participation [cr]ude it is gaining—there are [no] plans at this stage for a new [St]ate-owned refinery. Hence the [Co]rporation sought a share [in] existing refineries and a stake [in] BP's activities in particular.

Such a deal could arise from [th]e offshore participation agree[m]ent which has been negotiated [by] BP, the Government and [B]NOC. BP, which has agreed [to] BNOC having a major in[te]rest in its commercial finds [w]as initially far from enthu[si]astic about some of the condi[ti]ons that were being imposed, [a] fact borne out by the two days [of] intense negotiations conduc[te]d by the three parties earlier [th]is week. The terms of BNOC's [in]volvement in BP's refineries [p]resented the negotiators with [fe]w problems.

BP has four refineries, on the [Is]le of Grain, Kent, at Llan[da]rcy, Glamorgan, at Grange[m]outh, Stirlingshire, and in [B]elfast. Their total annual capa[ci]ty is about 29.5m. tons. As [w]ith most of the other U.K. [re]fineries, however, these plants [h]ave been operating at about 60 [p]er cent. of capacity since the [o]il price rise and economic re[ce]ssion knocked product sales [in] 1974.

Last year the demand for [r]efinery products, ranging from [f]uel oil to petrol, fell to 80.4m. [t]ons, about 12 per cent. down [o]n the previous year. Although [th]ere has been some improve[m]ent in the petrol market in [r]ecent months, helped no doubt [b]y the good weather and the [r]ecent price-cutting war, there [h]as not been a significant over[a]ll improvement in the refinery [s]ituation so far this year.

Major oil companies feel that [i]t could be another seven years [o]r so before demand is restored [t]o the 1973 levels, when [r]efinery output was 104.3m. tons [a]nd yet, even then, there was [s]ome 25m. tons of excess [c]apacity. Since then the nominal capacity has crept up even further, to 147m. tons.

According to the research of one of the majors Britain could face a refinery over-capacity of 30 per cent. in 1980 and perhaps 15 per cent. *in the mid-1980s*, even asuming no more refinery capacity is built. What concerns the industry, however, is that at least three more major complexes are planned, quite apart from the adaptions that may be made to existing plants. The Department of Industry is negotiating a grant of almost £10m. with Petrofina and Total to expedite their plans for constructing a £70m. catalytic cracking plant at their joint refinery in Lindsey, South Humberside, for instance. The plant, if built, would upgrade fuel oils to petrol and naphtha.

The proposed refineries would add perhaps 22m. tons to the country's basic capacity rather than merely alter the refinery mix as in the case of Petrofina and Total. The biggest of the three projects is planned by an independent group, Cromarty Petroleum Company, a subsidiary of the New York shipping group, National Bulk Carriers.

Cromarty's plant, which would be built at Nigg in the Cromarty Firth, is designed to have a capacity of 10m. tons a year and could be on stream by 1980. Initial work on the storage facilities may begin later this year.

Master plan

With the help of the Fluor process plant group, Cromarty is drawing up a master plan for the project which must be submitted to the Highland Regional Council by the end of November. According to Cromarty the cost of the scheme is now estimated at about £200m., compared with the £150m. being *quoted in March and the £100m.* cost being talked about a couple of years ago.

It is unusual for companies in the oil industry publicly to criticise each other but BP has been moved to comment: "In our view Nigg does not make economic sense."

Cromarty obviously thinks otherwise. It maintains that unlike existing refineries, its facilities will be geared to processing the lighter crudes of the North Sea. It would also be seeking to export much of the output.

With these aims Cromarty is receiving a good deal of Government encouragement. The Department of Energy wants to see as much North Sea oil as possible refined in the U.K.: it also wants companies to export refined products rather than the lower value crude. The relevance of the Nigg refinery to the Scottish debate has not been lost on the Government, either. Mr. William Ross, former Secretary of State for Scotland, who gave permission for the development, said earlier this year that "it would be a very serious step to turn away a development of this kind in an area already identified as an area of industrial growth."

Burmah and Total, the joint proposers of a 6m. tons a year refinery at Cliffe Marshes, between the Rivers Thames and Medway, *are getting a different* reception from Kent County Council. On Monday the Council will make a High Court appeal against the Government's planning consent. The Council has opposed the development on two main grounds: that it would be environmentally harmful and that commercially it is not needed. The cost of the scheme was put at £50m. to £60m. back in 1971; the current cost must be twice or three times those figures.

In view of Burmah's current plight it must be debatable whether or not such an investment can be justified. Burmah remains silent about its plans, however, giving the impression that it still wants to build the refinery.

The *third* proposed refinery is already partly built. Occidental has already constructed 24 storage tanks, the 420 ft. emission stack and a 0.9-mile-long jetty structure at its Thameside site on Canvey Island. The project, scheduled to cost £90m. a year ago, was halted in May, 1975, in view of the obviously changed trading conditions. The whole plan is now being reappraised.

The oil industry thought that the 6m. tons a year refinery might be shelved or held in abeyance. Its views were reinforced when some of the refinery equipment was sold off last year: other pieces have been used at Occidental's North Sea oil terminal on Flotta in the Orkneys.

But there are signs that new life may be breathed into the project. The decision of Iran to acquire a 10 per cent. stake in Occidental is likely to lead to renewed interest in the Canvey Island refinery. Occidental, which is expected to draw about 150,000 barrels a day from its Piper and Claymore Fields, might well share the cost of the refinery with the Iranians and French Elf group. Elf gained an option of a one-third *share in the refinery when it* acquired the VIP petrol chain from Occidental last year. Mr. Joseph Baird, president of Occidental, said that the tentative agreement with Iran provided for the Middle East State to buy into the company's refinery at Antwerp and the Canvey Island project; the Canvey Island deal would involve an Iranian stake of 33.3 per cent. or 50 per cent. depending on whether or not Elf took up its option.

In gauging whether or not all of this new capacity is needed the companies must be mindful not only of their individual ambitions but the position in the market place and, perhaps more important, the Government's refinery policies. The prospects for exporting refined products are real if not so very bright in the *short-term.* European refineries are also suffering from excess of capacity. With a projected market growth rate of 3.5 to 4 per cent. up to 1980 and 2.5 per cent. to 3 per cent. thereafter, this overcapacity is likely to remain for several years.

In any case, oil companies argue that it would make more economic sense to ship the North Sea crude not required in the U.K. directly to overseas refineries. In this way they would eliminate one of the transportation legs.

Current North Sea policies dictate that all U.K.-produced crude should be landed in Britain, however. What happens after that is the subject of a Government refinery policy which is still extremely hazy.

Common sense would seem to dictate that Britain adopts the attitude of an oil trading nation. It *should use the lighter North* Sea crude to meet indigenous needs and export the rest. At the same time the country would continue to import cheaper heavy crudes which will always be needed to provide fuel oil and other "bottom of the barrel" products. The way things are shaping it seems that the U.K. refiners will be able to meet between 40 and 60 per cent. of their total needs from North Sea crudes.

It is difficult to judge whether this market-led position conflicts with the Government's views; there have been so many statements on refinery policies, not always consistent. Shortly before his move in the latest Ministerial reshuffle Mr. John Smith, the former Minister of State at the Energy Department, said that enough of North Sea crude would be kept in Britain to meet the domestic need for light, low-sulphur crude. Others have talked about the need for "up to two-thirds" of North Sea crude to be refined in the U.K. At times the qualifying "up to" has been dropped from Ministerial statements, adding to the confusion.

Market

It is likely that a pragmatic policy will emerge, possibly on the lines of the statement by Mr. Smith. This would be welcomed by the industry. On the other hand, there is concern that market forces could be disrupted by a heavy bout of investment in refineries, particularly if at least part of this expansion is initiated with the encouragement of the Government. The oil companies need look no further than the oil platform construction industry for the warning signals. Platform builders are faced with chronic overcapacity, a situation frustrated by a Government initiative to back the construction of two yards in Scotland.

When Mr. Ross indicated his approval for the Nigg project in March he accepted that there was an "absence of an overriding national need" for the project. In view of these doubts and the industry's commercial forecasts this might be an opportune time for all concerned to re-evaluate the need for immediate refinery expansion.

U.K. REFINERY CAPACITY

'000 tonnes (year end)

	1938	1950	1965	1975
ESSO:				
Fawley	700	1,100	11,500	19,500
Milford Haven	—	—	6,300	15,000
SHELL:				
Stanlow	—	1,200	10,350	18,000
Shell Haven	—	2,000	9,350	10,000
Teesport	—	—	—	5,700
Heysham	—	1,800	1,950	700
Ardrossan	—	150	175	300
BP:				
Kent	—	—	9,500	10,900
Llandarcy	360	2,850	7,800	8,300
Grangemouth	360	1,750	4,500	8,700
Belfast	—	—	1,300	1,500
Pumpherston	150	160	—	—
TEXACO:				
Pembroke	—	—	5,100	9,000
PHILLIPS-IMPERIAL:				
Billingham	—	—	1,000	5,000
LINDSAY:*				
Killingholme	—	—	—	9,250
MOBIL:				
Coryton	—	—	2,400	9,000
GULF:				
Milford Haven	—	—	—	5,000
CONOCO:				
South Killingholme	—	—	—	4,500
AMOCO:				
Milford Haven	—	—	—	4,000
PHILMAC OILS:				
Eastham	—	—	—	600
BURMAH:				
Ellesmere Port	100	120	250	1,500
Barton, Trafford Park	100	130	175	—
BERRY WIGGINS:				
Kingsnorth	70	95	285	285
Weaste	60	70	170	—
WILLIAM BRIGGS:				
Dundee	—	25	85	85
TOTAL	1,900	11,450	72,190	146,820

** Joint operation by Petrofina and Total.*
Source: Institute of Petroleum

APPOINTMENTS

New Intntl. Nickel managing director

Dr. Robin B. Nicholson has been appointed managing director of INTERNATIONAL NICKEL LIMITED. Previously, Mr. Donald J. Phillips, chairman and chief officer, had combined his present posts with that of managing director. Dr. Nicholson joined International Nickel in 1972 as *director of research and technical* development at the company's European Research and Development Centre, Birmingham. He was appointed to the company's Board in 1975.

★

Mr. Ernest Lonsdale has been appointed an assistant managing director of BAKELITE XYLONITE with responsibility for the Cascelloid, Flexible Packaging, and Polyethylene divisions. Mr Lonsdale was formerly group general manager of the Flexible Packaging and Polyethylene divisions. Mr. Rod Harvey, an assistant managing director of BXL becomes responsible for BXL Expanded Rubber and Plastics division, BXL Scintillex Products, and certain other BXL business interests in addition to his present positions. Mr. Clive Collins has retired as an assistant managing director of BXL but will remain a non-executive director of BXL, and also continue as a non-executive member of the BXL executive Board.

★

Mr. Michael Mitchell has been appointed secretary general of appointed secretary-general of the INDUSTRY COMMITTEE FOR PACKAGING AND THE ENVIRONMENT, succeeding Mr. Robert Dalrymple, who has joined Universal McCann as an account director.

★

Mr. T. M. R. Gauge has been appointed a director of GLANVILL ENTHOVEN (HOME).

★

Mr. Peter Parker, who is to become chairman of British Rail in September, has resigned from the Board of RENOLD.

★

TOOTAL has made the following appointments to subsidiaries. Trutex: Mr. W. N. Hornsby is appointed chairman in succession to Mr. R. F. Audsley who is managing director of Tootal. Mr. Hornsby is also chairman of Menswear Division. English Sewing: Mr. R. A. Chettle appointed managing director in place of Mr. D. W. Allen. Mr. Allen, who is a director of Tootal, continues as chairman of English Sewing. Mr. R. H. Bull has been appointed managing director, thread division, in succession to Mr. Chettle. Mr. I. H. Jenkins becomes managing director, spinning division, and Mr. B. H. Crabtree, deputy managing director, spinning division.

★

Mr. Geoffrey Bowling, Mr. Duncan Mount and Mr. Alexander Reid have been appointed to the Board of DRAYTON MONTAGU PORTFOLIO MANAGEMENT.

★

Mr. M. A. Marcus and Mr. L. A. Barnfather have been appointed directors of QUEENS MOAT HOUSES. Mr. Marcus continues as company secretary and Mr. Barnfather, who has been group general manager for the past 15 months, will be responsible for the management of the group's hotel and catering units.

★

Mr. W. J. Kilpatrick has been appointed deputy chairman of GILLETT BROTHERS DISCOUNT COMPANY from to-morrow.

Mr. R. A. S. Moser becomes assistant secretary from that date.

★

Mr. D. C. Latimer has been appointed company secretary of BUNZL PULP AND PAPER in place of Mr. K. R. Anderson who has held that position in addition to that of finance director. Other group appointments are Mr. S. P. Feeley as finance director of Cigarette Components in place of Mr. D. C. Latimer, who has resigned from the Board, and Mr. P. D. M. Gell as chairman of Bunzl Adhesive Materials, succeeding Mr. F. R. Davenport who has resigned from the Board.

★

Mr. K. J. Milligan and Mr. P. N. Turner have retired from the partnership of PRICE WATERHOUSE AND CO. Admitted into partnership are Mr. I. Brindle, Mr. W. Clark, Mr. D. S. Crowther, Mr. M. E. Maskall, Mr. J. H. Salmon and Mr. D. J. Westcott, resident in London, Mr. A. C. Lindop in Birmingham, Mr. I. C. Adam in Edinburgh, Mr. J. G. Anderson in Glasgow, Mr. R. L. Evans in Manchester, Mr. D. W. Tyson in Newcastle and Mr. P. S. Padmore in Southampton; Mr. R. A. Shervington has been appointed a director of the firm's service company and will be resident in London. Price Waterhouse has opened an office at 8 Melville Crescent, Edinburgh. Mr A. G. Campbell who is responsible for the Glasgow office will also have responsibility for the office in Edinburgh.

★

Mr. David A. Harper, chairman of Storey Brothers and Co., and deputy chairman of the North West Economic Planning Council has been appointed a director of the North Regional Board of the NATIONAL WESTMINSTER BANK.

★

Mr. A. J. Beedell has retired as a director and Mr. A. A. Clark has been appointed a director of INVESTMENT TRUST SERVICES.

★

Mr. W. B. Davidson has been appointed a director of ALLIED LONDON PROPERTIES. He retired as a deputy chairman of National Westminster Bank last April.

★

Sir Michael Milne-Watson has become chairman of the BRITISH UNITED PROVIDENT ASSOCIATION (BUPA) in place of Sir Edward Webb. Sir Michael is a director of the Commercial Union Assurance Company, the Industrial and Commercial Finance Corporation, and Finance for Industry.

London & Northern U.K. uptrend

TAKING INTO account the current work load together with increases in efficiency and curtailment or elimination of losses, Mr. J. H. Mackenzie, chairman of London and Northern Group, expects a more successful year in the U.K. for the construction division, which in 1975 contributed 50 per cent. of group profits.

J. Murphy and Sons has recently been awarded contracts valued at some £8.5m. It also has a healthy current tender list and this together with existing long-term maintenance contracts put Murphy in a reasonably favourable position.

The group's civil engineering operations are still active in the Middle East but to ensure continuity Paulings and Co. is currently considering a joint arrangement with new trading partners in Abu Dhabi, it being foreseen that an element of local participation may also be necessary to ensure the spread of the group's worldwide activities. Although overseas results in the current year will probably be below those for 1975 a major contribution to the group's present and future results is anticipated from these operations, says the chairman.

Overall 1976 profits of the construction division are expected to be similar to those reported for the previous year.

For the group as a whole the chairman reaffirms his forecast of record results.

For 1975 group pre-tax profits increased from £8.25m. to £9.58m. —construction contributed £4.76m., building products and construction services £2.28m., metal reclamation and steel stockholding £2.06m., and associates £0.48m.

In their report the auditors state that in current trading conditions and in the absence of professional valuations they are unable to satisfy themselves as to the realisable value of land held for development. The balance-sheet shows land held for development at cost or lower realisable value of £9.76m. (£12.58m.)

Meeting, Essex Hall, W.C., August 4 at 3 p.m.

Century Oils prospects

Century Oils Group has the necessary ingredients for a successful future, says the chairman, Mr. C. H. Mitchell.

Although the continued operation of profit reference levels, the timing of permitted price increases, and other factors make it difficult to predict current year results, the directors fully expect that the underlying progress will be maintained.

As known, pre-tax profit decreased from £1,008,569 to £820,400 in the year to March 31, 1976, and the dividend is 2.1775p (1.9460p) net.

The used oil recycling activities continued to experience problems and the hoped-for contribution to profitability has not yet been reached, but progress is still being maintained and the planned increased levels of output are now within reach.

The international oil shortage in 1974, which seriously affected the availability of lubricants, was, as a result of greatly reduced industrial demand, followed by a surplus.

The surplus position persisted to a greater degree than might have been anticipated, and current activities have been arranged to give greater priority to developing outlets. For this purpose, the production build-up during the next two years at the Scottish refinery will be greater than originally envisaged, and the Dartford production rephased to come on-stream at the end of this period.

This year the company has for the first time entered the direct motor oil market to the consumer on a co-ordinated basis. It is not the objective to become a major supplier in this field, but its aims are to increase the output of these products as part of its market extension plan.

Meeting, Hanley, July 22, noon.

Confidence at Incledon & Lambert

Confidence in the future is expressed by the chairman of Incledon and Lamberts, Mr. J. F. Pearce and there is determination to continue and if possible to accelerate the rate of growth already achieved, he says.

Negotiations are proceeding for the extension of overseas activities along the lines of the South African operation, which as well as generating local profit will also *enhance the sale of exported product.*

As known, pre-tax profits for the year ended March 31, 1976, increased from £619,042 to £727,022 with a net dividend of 3.324p (3.044p).

Part of the increase in sales over the past six years is represented by price increases dictated by inflation, part by favourable rates of exchange, but mainly by a substantial increase in the volume of goods sold.

Exports totalled 33.3 per cent. of sales, up from 26.8 per cent. in the previous year.

At the Ansell Jones and Co. subsidiary, negotiations are currently in train with new markets abroad which could result in sizeable orders later this year, the chairman reports.

It is proposed to change the group's name to Durapipe International. Approval will be sought at an extraordinary meeting, following the annual meeting at the Waldorf Hotel, Aldwych, July 21 at 11 a.m.

Norwich Union mortgage facility

By Eric Short

Norwich Union Insurance has introduced a facility whereby housebuyers can obtain extra cover without evidence of health when they obtain a higher mortgage. Called the Mortgage Increase Option Plan, investors can opt to pay an additional monthly premium of 50p on their existing life policies and can take out further policies up to a limit of £15,000 providing the new contracts mature by the 65th birthday.

This option is designed to help homebuyers, particularly the first-time buyer, to obtain the further life assurance required when *they extend their existing* mortgage or take out a new one. The average life of a mortgage is about seven or eight years. A further valuable feature is that the term of existing policies can be lengthened in conjunction with the period of the new mortgage. The option can be linked to any NU endowment.

£0.5m. rise by G. H. Downing

AFTER DEPRECIATION of £431,288 against £350,226 profits of brick and tile makers G. H. Downing expanded from £1,000,578 to £1,502,139 for the year to March 31, 1976, subject to tax of £806,217 compared with £525,512.

By midway profits had risen from £405,000 to £673,000.

The dividend total is lifted from 8.54642p to 9.28968p net per 50p share with a final of 5.28968p.

Abbey Panels ahead after six months

After a poor first quarter, business opportunities at Abbey Panels began improving at a more satisfactory rate and after six months (to end December, 1975) profit was up from £120,473 to £132,865, subject to tax of £69,000, compared with £63,000. Sales improved from £1.37m. to £1.6m.

Mr. E. Loades, chairman, says he will be very disappointed if the company, whose business is prefabrication of sheet metal units, press work, machining and toolmaking, is not showing a better return by the end of the 15-month period to September, 1976.

An interim dividend of 1.3p net (same) has already been declared—last year's total was 2.6p and profits £373,051.

The directors have decided to change the accounting year end to September 30 for administrative purposes.

Reliable Props forecasts break-even

In their interim report the directors of Reliable Properties forecast a break-even result for the year to June 30, 1976.

In the half year ended December 31, 1975 the net trading and revenue surplus increased from £298,704 to £348,183, but after interest of £427,411 against £429,453 there was a deficit of £78,870 compared with £129,322.

The directors state that as a result of recent financial negotiations and of a continuation of a level of sales of flats on long leases, the improvement should continue to the second half year, leading they hope to a break-even result for the year—for 1974-75 there was a pre-tax loss of £358,777.

There is again no interim dividend—the last payment was a total of 1.5075p for 1973-74.

Arbuthnot Latham outlook

With its extensive overseas interests Arbuthnot Latham Holdings, looks forward to a further year of profitable development *and growth, says the chairman,* Mr. A. R. Arbuthnot.

As reported on June 18, net profit for the year ended March 31, 1976 increased from £0.75m. to £0.91m.—after higher interest charges the attributable balance was up from £0.6m. to £0.78m. Dividend total is 8.283p net (7.611p).

In the last six months Chancery Consolidated was acquired and Arbuthnot offered to acquire the balance of the shares not already owned in East and West Investment Trust. The timing of these acquisitions means that the profits for the year do not reflect the current structure of the group.

The banking business, Chancery Trust, was transferred to Arbuthnot Latham and Co., which, as part consideration, issued £1.5m. capital, thus increasing its consolidated capital and published reserves to £7.8m. The total of the bank's current, deposit and other accounts totalled £80m. compared with £64m.

Arbuthnot Insurance Services, which holds companies operating under the names of Golding Collins, Golding Adam and Cotesworth and Co., had another record year. These companies are important contributors to overall profits.

The unit trust business has been developing and in the past 12 months the funds under management have grown by more than 50 per cent. Arbat, the computer consultancy company, had a very satisfactory year and is now established in London, New York and Amsterdam. In the commodity field Landauer and Co. (Fibres) had an excellent year.

Meeting, July 20, 12.30 p.m.

Chairman's Statement Page 18

Reports to meetings

The following extracts are taken from chairman's statements to their respective annual meetings.

Mr. J. Jefferson, of Jefferson Smurfit, said 1976-77 would be "a most successful year."

Total sales for the first five months amounted to £56m. This was 83 per cent. ahead but included Alliance Alders and Time Industries' sales. If they were excluded the gain would be 28 per cent.

It was estimated that pre-tax profits for the first five months were in excess of £3.5m.—substantially higher than last year.

Sir Mark Turner expressed his confidence that British Home Stores would maintain its competitive *position. Although not as* great as a year ago, the sales increase was still enough to contain all rising costs in an inflationary period. Sir Jack Callard is now chairman.

John Mowlem's profit trend indicated a further satisfactory improvement reported Sir Edgar Beck.

Present indications for Rowton *Hotels were that turnover would* grow but trading profits may again show only a modest increase, commented Mr. W. Harirs.

SIR HUGH FRASER told House of Fraser shareholders that hte form and terms by which Carter Hawley Stores Inc. might increase its 20.5 per cent. interest in Fraser could only be a matter of conjecture.

F. J. BAYNES

E. J. Baynes and Co. the heating, ventilation and air-conditioning engineers of Highbury, North London, expect shortly to get Court sanction to a scheme of arrangement with its general creditors whose claims exceed £300,000 over an 18-month period.

The scheme enjoins that none of the general creditors shall take steps to enforce payment during the moratorium period.

I. & J. Hyman outlook

In his annual statement, the *chairman of I. and J. Hyman,* Mr. P. Buckley says that prospects for the immediate future are difficult to anticipate in the present economic climate.

He believes that a combination of the planning and policies being pursued will produce a continued strengthening of the group's position and the outcome of trading for first few months of 1976 supports that view.

As reported, pre-tax profits for 1975 rose from £259,655 to £339,319. The dividend is 0.1625p.

SCOTTISH WIDOWS

Scottish Widows announces that *terminal bonuses for ordinary* business and with-profits group pension schemes for the period July 1 to December 31, 1976, inclusive, will be on the same scales as those which applied during the first six months of this year.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

GEICO emergency plans

By Jay Palmer

NEW YORK, July 1.

THE FINANCIALLY ailing Government Employees Insurance Company, GEICO, has announced emergency plans to raise new capital essential to its survival. At the same time the huge auto insurer, which has been on the verge of bankruptcy since early this year, disclosed that its second-quarter 1976 loss, while substantial, was less than its first quarter deficit of $26.4m.

GEICO's new, very complex, financing plan is designed to raise at least $75m. in new capital. The package includes the saleof a new issue of cumulative convertible preferred stock, a special offering of senior preferred stock and a saleof an authorised 25 per cent. increase in common shares.

This entire financing package is designed to complement GEICO's earlier announced schemes to raise new capital from the U.S. insurance industry. This involved requests that other major companies agree to reinsure about 40 per cent. of GEICO's $600m. in premiums—thus cutting its liabilities and giving it $26m. in commissions.

GEICO, in its statement, made it clear that the latest financing package should be regarded as a contingency plan to take over if the inter-company rescue failed. The problem is that State insurance regulators report most other insurers reluctant to bail out GEICO on these terms.

Hudson Bay shareholders

NO MORE than 49 per cent. of Hudson Bay shares may be owned by non-Canadians and no more than 10 per cent. by any one non-Canadian. The purpose of the rule is to qualify the company under a number of recent Canadian laws which give preference to company's having Canadian status. At present about 65 per cent. of the shares are owned in Canada.

FMC fibre sale

FMC CORPORATION has agreed to sell its Fiber Division as from August 2 to Avtex Fibers, a newly formed company.

The Fiber Division is the largest domestic producer of rayon fibre, with over 30 per cent. of U.S. production capacity, and also manufacturers acetate, and polyester products.

Earnings of FMC Corporation for the second quarter and the first half of 1976 are expected to be reduced by approximately $47m. or about $1.46 per share as a result of this transaction.

DAF trucks hope

DAF TRUCKS may make a modest profit in 1976 after previously forecasting a much lower loss than 1975's Fls.35.7m. deficit, Executive Chairman P. J. G. Van Coorne said. (Reuter from Eindhoven)

CII-Honeywell details its objectives

BY ROBERT MAUTHNER

PARIS, July 1.

THE NEW CII-Honeywell Bull computer company, which officially came into being to-day, is expected to have a turnover of Frs.3bn. (about £350m.) in 1976, half of which will be accounted for by foreign subsidiaries.

Details of the objectives of the company, 53 per cent. of the capital of which is now held by Machines Bull, in which CGE and the French State are the principal shareholders with 20 per cent. each, and 47 per cent. by Honeywell Information Systems of the U.S., were given at a Press conference to-day by M. Jean-Pierre Brulé, CII-Honeywell Bull's new chairman.

M. Brulé, who recalled that the new company employed 19,000, made it clear that its aims were very ambitious. It intended to overtake IBM as the principal supplier of the French market by 1980 in terms of deliveries of computers, which implied a growth rate in deliveries of 20 per cent. per year, much faster than that of the French computer market as a whole which was currently expanding by 12 per cent.

By 1980 it would have to stand entirely on its own feet, since State aid of Frs.4bn. in the form of direct subsidies and orders would be gradually phased out over the next four years.

The merged company would continue to manufacture the whole range of Honeywell Bull and CII products, but the aim would be to develop a unified range by 1980.

CII-Honeywell Bull will be responsible for the marketing of Honeywell group computers in all European countries, including the Soviet Union, but excepting the U.K., Ireland, Italy and Yugoslavia which will remain under the aegis of Honeywell Information Systems.

It has also been given responsibility for sales in all countries of the South American continent south of Panama and, to the north of this demarcation line in Cuba, and all countries of the African continent including Madagascar, but excepting South Africa.

IBM computers launched

BY TED SCHOETERS

UNDER growing pressure from many competitors, IBM yesterday brought out two new medium to large-scale computers in its System 370 range which will straddle the price range from £300,000 to £600,000 and inject new technology to counter the advances made by rival companies.

As foreshadowed in the Financial Times two weeks ago, the launch was a worldwide one. Its primary effect will be to make available to computer users lower down the range a facility hitherto available only on the larger IBM machines. Called "virtual machine" technology, it allows the user to present any task to the computer without having to consider whether it has enough capacity available for the job at that moment.

Apart from the two new central computers—138 and 148—the company has also brought out replacements for the 135 and 145 (now several years old) which the first two would normally have been expected to supersede. This is a significant move, since it recognises that users of the older machines have invested a considerable amount in the development of operational routines which are suitable only for that type of equipment—not the virtual machine series.

But IBM does point out that the two new virtual units provide 38 per cent. more processing power than the earlier models.

The European manufacturing centres for the 138 and 148 will be in France and Germany respectively.

Goodrich Dutch ultimatum

BY MICHAEL VAN OS

AMSTERDAM, July 1.

WITH NEGOTIATIONS between Goodrich's Dutch subsidiary and the Dutch Economics Ministry due to be resumed next week and a delegation of the latter supposed to be visiting the head office in Acron, Ohio, it was reported in Holland to-day that the U.S. parent company has apparently set an ultimatum.

One of the local Goodrich directors was reported to have told a staff meeting in Doetinchem that the U.S. parent company's executive board was due to meet for final decisions on the Dutch situation on July 19, prior to which the Dutch Government should have made its final decision clear.

If no satisfactory agreement was reached Goodrich would be pulling out of Holland by selling its operations in the next 18 months, or if that failed by closing them down later.

Mr. J. B. Verbrugge told the staff that Goodrich has been trying to end losses in Holland since the start of 1975. Losses were now running at Fls.1.3m. a month. The American tyre and rubber products manufacturer wants the Dutche Government to take it over altogether or to buy a majority interest in it. It is understood that Goodrich would prefer the latter so that it would continue to have a say in the company.

Mr. Verbrugge, according to a Dutch news agency report, told his staff: "One thing is certain, these losses cannot be allowed to carry on while all steps to improve the situation and to restructure the business are being resisted."

Karstadt plan endorsed

BY GUY HAWTIN

FRANKFURT, July 1.

TO-DAY'S annual meeting of Neckermann Versand enthusiastically endorsed plans to link the store and mail order concern with Karstadt, West Germany's largest department store group. Proposals which will eventually lead to Karstadt taking majority interest in Neckermann were accepted by a vote of more than 99 per cent.

Karstadt, which already has a holding in the Frankfurt-based group, proposes to take up all of Neckermann's new share issue of a nominal DM35m. at a price to be set by independent assessors. In the first phase of "co-operation" between the two groups, Karstadt and the Neckermann family will "pool" their shares to form a majority holding of the groups newly increased DM157m. nominal capital.

It is planned that Karstadt will take over a majority interest in the concern through the acquisition of part of the Neckermann family holdings, by about 1980 at the latest. If it goes through, the deal will consolidate Karstadt's position as the Federal Republic's largest store group; but before it can be finalised approval from the Federal Cartel Office in Berlin will be needed.

To-day the Cartel Office refused to comment on the proposals as the link-up has yet to be brought to its attention officially. However, it is thought here that the Cartel Office will scarcely be charmed with the creation of a group with a department store turnover of over DM10bn. (£2.16m.) more than DM3bn. ahead of its closest rival.

Neckermann's management claims that the deal does not run contrary to the Cartel regulations. The group's founder, Herr Joseph Neckermann, said that the group would remain independent despite the Karstadt link. It would allow both groups to increase their competitiveness in the interest of their customers.

The new group, says the Neckermann management, will control only 3 per cent. of the West German retail market. There could be a clash over the two concern's travel operations, but Karstadt is not involved in mail order, while Neckermann is the country's second largest mail order house with a 1975 turnover in this sector of DM1.08bn.

Last year the two concerns produced a combined turnover of DM11.23bn. (£2.43bn.) of which some DM9.43m. was in the store sector. Admittedly this is not a very large slice of the Federal Republic's DM280bn. (£60.6bn.) a year retailing sector. However, it should be remembered that the bulk of the turnover is in the hands of small independent operators.

The reason for the shareholders' enthusiasm for the deal is largely that Neckermann has performed disappointingly recently. Last year it achieved a miserable DM4m. net only by selling its insurance interests for a DM9.2m. profit. Store operations alone lost DM10m.

This year things have not improved greatly, despite a promising performance in the first two months. While profits over the year are expected to be up, there is not much cheer for shareholders who will receive nothing for 1975 after only 6 per cent. in 1974.

Neckermann's somewhat antiquated structure—a limited partnership with a large block of shares issued to the public—will be reconstituted as a public company. This, together with its new relationship with Karstadt, will give it better access to sources of finance as well as other advantages.

Huels gets off to a good start

BY GUY HAWTIN

FRANKFURT, July 1.

CHEMIE-WERKE Huels has got off to a good start this year with an export-led surge in demand that has pushed group turnover up 26 per cent. in the first five months. The group is looking forward to a minimum 1976 sales increase of 18 per cent. which will bring turnover to about DM2.3bn. (£498m.).

Earnings, while well up on the depressed levels of the latter part of last year, are still below those of 1974. This is only to be expected in view of the large rise in costs and raw materials prices over the past 18 months.

Average profits on the concern's products in the first quarter of 1976 once again reached the level of the second quarter of 1975. They remained, however, measurably below the average of the first quarter of last year when the effects of the recession really began to bite.

Professor Karl Moenkemeyer, chairman of Huels executive Board, sounded ebullient when he announced that January to May group turnover was up 26 per cent. at DM1.17bn. But he pointed out that this was still DM92m., or 7.3 per cent. below the record figures of 1974.

The turnover of the core concern—Chemie Werke Huels, itself—rose by 27.8 per cent. to DM1.03bn., said Professor Moenkemeyer. Domestic turnover went up by a relatively modest 13 per cent. while exports forged ahead by 52.5 per cent.

Domestic demand, despite the upturn, remains at a low level, but Professor Moenkemeyer said that some improvement was expected in the autumn. The general upswing was expected to continue but the growth of exports was not likely to maintain entirely its current momentum.

Profits, he said, had improved considerably and it was hoped to pay a "reasonable" dividend once again. This implies that this year there should be an improvement on 1975's 15 per cent. dividend which was heavily cut, following a fall in net profits from 1974's DM128.7m. to DM59.9m. However, it is unlikely that it will reach the 22 per cent. pay out for 1974.

OEMV dividend up, but profits fall

BY PAUL LENDVAI

VIENNA, July 1.

OEMV AG, the Austrian State oil corporation hasc announced a dividend of 7 per cent. on increased capital from a net profit of Sch.105m.

In 1974, a dividend of 8 per cent. and a special 9½ per cent. bonus was paid from the Sch.175m. net profit.

OEMV, together with its marketing subsidiaries Elan and Martha, increased its aggregate turnover in 1975 by 7.9 per cent. to Sch.19bn. The consolidated balance sheet was up by 5.5 per cent. to Sch.17.95bn.

Both director-general Ludwig Bauer and the financial director, Mr. K. Meszaros, expressed satisfaction with last year's operating revenues. But this year the company reckons only on one-third of the 1975 gross revenue. As a result of slackening domestic demand for petroleum products, capacity utilisation of the company's Schwechat refinery was only 8.1m. tonnes, as against 5.5m. tonnes in 1974.

Meanwhile, long drawn out talks are still going on with the company's six foreign partners (Shell, Mobil, Esso, BP, Total and ENI) with regard to the prolongation of the Adriatic-Vienna pipeline agreements which were concluded in 1970.

The negotiations revolve around new processing agreements and the volume of purchases of petroleum products.

Mr. Bauer expressed his hope that after some hard bargaining a mutually acceptable solution will be found.

Bally dissidents show their hand

BY JOHN WICKS

ZURICH, July 1.

THE ANONYMOUS group which has been attempting to gain a controlling interest in the Bally shoe concern has now proved to be one formed by Swiss shareholders of the company. In a special communiqué issued by a shareholders' committee claiming to represent 55,000 of the total 108,000 shares, this body calls for the election of "competent Swiss citizens" to CF Bally's Supervisory Board with a view to renewing dividend payments.

The shareholders' committee, said to consist exclusively of Swiss, many of them long-standing shareholders, calls for a strengtheneing of Bally's position in the Swiss retail trade in shoes and other fashion goods, a diversification into sectors with above-average profit margins and a low sensitivity to recession, and a world-wide expansion in the fashion-gods retail trade, using Bally's existing market potential and taking over other firms.

It is this group which will be represented at the holding company's July 7 AGM by Zur[ich] attorney Dr. Erich Gayler, w[ho] is to call for an amendment [to] the statutes which would m[ean] that only foreigners or forei[gn] controlled groups could be [re]fused entry in Bally's list [of] registered shares.

Although the committee clai[ms] to have a majority of shares [in] the hands of its members, [the] fact that the Bally Board h[as] refused to acknowledge so[me] new purchasers as registe[red] shareholders could well me[an] that the committee has insuf[fi]cient votes at the AGM to ens[ure] a victory. In that case, it is lik[ely] that the committee would call [an] extra-ordinary general meeti[ng]. Bally itself considers it possi[ble] that legal action could result [if] former shareholders [not] registered as having voting rig[hts] cast a vote at the AGM. Alrea[dy] it is understood that a numb[er] of legal actions have been start[ed] in connection with the refusal [to] enter new Swiss sharehold[ers] into the registered shareholde[rs] list.

Canada largest borrower on Eurobond market

BY MARY CAMPBELL

CANADA was by far the largest borrower on the Eurobond market in the first six months of this year, according to statistics published yesterday by Credit Suisse White Weld. According to these statistics it accounted for $1.7bn., or nearly a quarter of the $7.1bn. worth of new issues between January and June.

International agencies accounted for $1.5bn., or 20 per cent., and French institutions for $803m., or 11 per cent. Next in the list are Japan, Norway and Britain.

Crédit Suisse White Weld tops the league table of lead managers and co-managers of Eurobond issues during the six-month period. The other nine leading institutions on the list are, in order, Swiss Bank Corporati[on] (Overseas), Union Bank [of] Switzerland (Securitie[s]), Deutsche Bank, Kredietba[nk] Luxembourgeoise, Banque [de] Paris et des Pays-Bas, Amst[er]dam Rotterdam Bank, Comme[rz]bank, Westdeutsche Landesba[nk] and Société Générale de Banq[ue].

The $7.1bn. total compares wi[th] $3.7bn. in the first half of l[ast] year and only $902m. in the fi[rst] half of 1974.

* * *

The National Bank of Hu[n]gary's $150m. five-year Eu[ro]market loan was signed [in] London yesterday. The lo[an] offers a spread of 1¼ per ce[nt] over inter-bank rates. The le[ad] manager is Bankers Tr[ust] International.

Another AGC rights issue

BY JAMES FORTH

SYDNEY, July 1.

AUSTRALIAN Guarantee Corporation, Australia's largest financier plans to raise $A12.5m. through its second cash issue to shareholders within six months.

AGC, a partly-owned subsidiary of the Bank of New South Wales, is offering shares at $A1.00 each on the basis of one for every ten held. These are the same terms as the previous issue in January.

The issue has been forced up[on] AGC because of its need to ma[in]tain its gearing. The group [is] growing at a faster rate th[an] other financiers and its rece[iv]ables expanded about $A250m. [in] the six months since the previo[us] issue. This has necessitat[ed] raising more equity to enable t[he] group to expand borrowin[g] further.

GRANGES

A three pronged disinvestment plan

BY WILLIAM DULLFORCE, NORDIC CORRESPONDENT

STOCKHOLM, July 1.

WHAT HAPPENS to Europe's heavy industrial companies, as high local living standards, growing cost disadvantages and a relative paucity of raw materials steadily reduce their ability to compete with the modern manufacturing plants coming on stream in the new industrialising nations?

Granges, the Swedish steel, mining and metals conglomerate, is evolving a three-pronged strategy of disinvestment, forward integration and a restructuring of the group towards investment company status. This autumn the Board will hold a one-day seminar to discuss the new strategy, worked out by Mr. Sven Wikander, a senior vice-president recruited last year from one of the major Swedish banks.

Last year Granges' stated earnings tumbled to Kr.13.5m. (£1.7m.) from Kr.598m. on a Kr.5.1bn (£630m.) turnover. Excluding stock profits and taking depreciation at replacement cost, the group would have shown a loss of about Kr.225m. Mr. Johan Aakerman, the group president, has forecast an even poorer result this year before the upturn in 1977.

Four year cycle

The management could have regarded 1975 and 1976 as part of the four-year cycle which has characterised Granges' past performance, two good years succeeding two lean. Instead, it decided to undertake a more profound self-criticism, re-appraising its very raison d'etre.

This decision was at least partly triggered off by the Swedish Government's decision to build a new steel works in Northern Sweden. But Mr. Aakerman believes there were more fundamental anomalies in group operations making a re-think inevitable. Of the Kr.585m. profit plunge last year, only Kr.225m. could be directly attributed to the recession (Kr.140m. to a cutback in sales volume and Kr.85m. to price cuts). Some Kr.300m. came from increased payroll costs and Kr.60m. from higher capital costs.

Return on capital

Granges is organised on the pattern of a holding company but is not operated as one. The parent company determines all investments and undertakes the borrowing for its 16 subsidiaries. The capital demands of these profit centres, particularly the steel, metals and aluminium companies, have led to tension between the company Boards and managements and the parent Board. Mr. Ian Wachtmeister, the forceful young president of Granges Oxelosund, the steel company, submitted alternative five-year investment budgets ranging from Kr.955m. to Kr.1.8bn. (£125-225m.), none of which the Board was able to approve.

Mr. Aakerman estimates that, to meet its companies' capital demands for the expansion and rationalisation they must effect to remain competitive, the group as a whole needs a return of 14-15 per cent. on capital employed before tax. Only once in the past 10 years (in 1974) has it reached this level. Last year the return was 3.7 per cent.

Disinvestment is most urgent in the steel and mining sector, which accounts for about one-third of the Kr.5.7bn. (£713m.) total capital employed. Granges has started talks with the Swedish Government on 50 per cent. state participation in its mines, Oxelosund Steel works and linking transport system, where capital employed is some Kr.1.5bn., including borrowings of close to Kr.1bn.

Agreement could mean a cash injection of some Kr.250m. from the state equity purchase and the shifting of the debt from the consolidated Granges balance sheet. No deal can be clinched, however, until after the September general election and probably not before next spring, when the Government will have to act on the reports of two special commissions investigating the future structure of the whole Swedish steel industry.

It will then have to balance the Granges' participation with the interests of its own NJA company and its planned new steel works and with those of Stora Kopparberg, the other major private steel producer, which is planning a new rolling mill in collaboration with NJA. A non-socialist victory at the polls could baulk Granges' attempt to involve the state in its steel operations, since it is by no means certain that the three non-socialist parties would be so keen on participation.

Operating loss

Granges NYBY, the stainless steel company which accounts for some 13 per cent. of group turnover, had an operating loss of about Kr.9m. last year and is expanding capacity under earlier investment decisions, poses another disinvestment problem. This will almost certainly have to be solved together with the other stainless steel producers within the dual context of over-capacity in Swedish stainless steel and the report due later this year from the special steels commission.

Any cash or increased borrowing facilities generated by the disinvestment programme will be used to execute the second of the three prongs in the Granges' strategy: the market-orientated move out of semi-fabricating into more qualified products. This will be applied to the full remaining group range, including Granges Metallverken, which manufactures copper and brass semis and is already specialising in brass strips for car radiators. It means that Granges will be seeking to buy up companies, both at home and abroad, in order to build up its share of the end products markets.

Granges Aluminium, which took over SAPA, the Scandinavian aluminium sections company, last month, offers the most typical example so far of this part of the strategy. In the course of just over one year Granges Aluminium has reversed policy from backward to forward integration, dropping plans to participate with Alcan in the Irish alumina project in favour of expansion into the end-use business, after the Swedish Government had declined to invest in the expansion of its smelter. Less capital will be needed for the expansion down market and the company will cover its extra primary aluminium requirements by long-term contracts, perhaps with Norwegian suppliers.

Third prong

The third prong of the Granges' strategy is still less clearly defined. Mr. Aakerman's formulation is that it would be better to be a minority shareholder in profitable companies than, as now, to own 100 per cent. of non-profitable companies.

An analysis to detect business which could provide a counter-cyclical effect to Granges' existing products showed that the Stockholm stock exchange had reacted counter cyclically most effectively during the last two recessions, prompting Mr. Aakerman to remark perhaps not entirely playfully that the group might do well to build up a share portfolio. Some subsidiary Boards and managements would certainly like to be more independent financially and Mr. Aakerman speculated that Granges Aluminium, for instance, might issue its own shares at some future date.

Pure investment company status, however, is not the aim. Granges will keep a direct management interest in most of the companies remaining after the disinvestment phase, at the same time as it diversifies. It will also try to expand know-how sales abroad, repeating projects such as the Lamco venture in Liberia and the Iranian iron mining project, for which it is acting as consultant. The result is likely to be a looser, more flexible group structure.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10pc 1985	104½	105
Ashlands 8pc 1987	96½	97½
Austraswiss 8pc 1987	93½	94½
BFCE 8½pc 1985	100½	101
CNE 9½pc 1985	100½	101
Conoco 8pc 1986	99	99½
ECS 9½pc 1986	101½	102
EPR 9½pc 1985	102½	103½
Eran 9½pc 1985	102½	103
Esso 8pc 1986 Nov.	100½	101½
Eurofima 8½pc 1989	100	100½
Granges 9½pc 1983	101½	102½
Massey 9½pc 1983	104½	105
Michelin 9½pc 1986	101	101½
Moda 9½pc 1983	101½	102½
Newfndld Labrador 9½pc '89	103½	104
New Zealand 9pc 1982	103½	104½
Norpipe 9½pc 1986	100½	101½
Norsk Hydro 9½pc 1986	102	102½
Oslo 9pc 1988	100½	101½
Pacific Light 8pc 1985	94½	95½
Prov. Quebec 9pc 1984	101½	102
Scanraff 8½pc 1988	100½	101
SEE 9pc 1983	101½	102½
Shell 8pc 1986	99	99½
Stand. Oil (Ind.) 8½pc '88	103½	104½
Svenska Handels 9½pc 1986	101½	102½
Volvo 9½pc 1983	102½	103½
NOTES		
Barclays 8½pc 1982	102½	103
British Gas 9pc 1981	101	101½
Charbonnages France 9½pc '81	99½	100
Denmark Mort. 9pc 1983	100½	101½
ECS 8½pc 1981	101	101½
EEC 8½pc 1982	97½	97½
Elect. Council 8½pc 1982	100½	101½
Montreal 9½pc 1983	102	102½
Nippon Steel 9½pc 1980	102	102½
Norway 8½pc 1981	101	101½
Prov. Quebec 8½pc 1983	101½	102½
Seagram 9pc 1983	102½	103½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	78	80
Ashland 5pc 1988	83	85
Beatrice Foods 4½pc 1992	95	97
Beatrice Foods 4½pc 1992	112½	114½
Borden 5pc 1992	97	99
Broadway Hale 4½pc 1987	73½	75½
Canon Camera 7½pc 1989	140	142
Carnation 4pc 1987	78	80
Chevron 5pc 1988	118	120
Dart 4½pc 1987	75	77
Eastman Kodak 4½pc 1988	116	118
Economic Labs. 4½pc 1987	75	77
Fed. Dept. Stores 4½pc '85	114	116
Firestone 5pc 1988	88	90
Ford 6pc 1986	86	88
Ford 5pc 1988	85	87
General Electric 4½pc 1987	84	86
Gillette 4½pc 1987	74	76
Gould 5pc 1987	93½	95½
Gulf and Western 5pc 1988	102	104
Harris 5pc 1992	81	83
Honeywell 6pc 1986	81	83
ITT 4½pc 1987	71	73
Komatsu 7½pc 1990	105	106½
J. Ray McDermott 4½pc '87	142	144
Mitsubishi Elec. 7½pc 1991	105	106½
Mitsui 7½pc 1990	102½	103½
J. P. Morgan 4½pc 1987	119	121
Nabisco 5½pc 1988	91½	93½
Owens Illinois 4½pc 1987	102½	104½
J. C. Penney 4½pc 1987	79	81
Pioneer 6pc 1988	250	255
Revlon 4½pc 1987	107	109
Reynolds Metals 5pc 1988	57½	59½
Sperry Rand 4½pc 1987	101	103
Squibb 4½pc 1987	74	76
Texaco 4½pc 1988	74½	76½
Toshiba 6½pc 1990	113	115
Union Carbide 4½pc 1982	120	122
Warner Lambert 4½pc 1987	84	86
Warner Lambert 4½pc 1988	79	81
Xerox 5pc 1988	75½	77½

Source: Kidder, Peabody Securities.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Dow points lower in early trading

BY OUR WALL STREET CORRESPONDENT NEW YORK, July 1.

STOCK PRICES moved higher initially, but reversed course after about an hour and pointed lower at midsession on Wall Street to-day.

The economic news background was described as favourable, but analysts said weakness in many

Closing prices and market reports were not available for this edition.

the Chemical issues was partly responsible for dragging down the overall market.

At 2.30 p.m., the Dow Jones index was off 3.27—to dip below the 1,000 mark—at 999.51, the Transportation Index was up 0.16 at 224.93 and the Utilities Index

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
[illegible]las Corpn.	374,800	5½	+ ⅛
[illegible]n Walter	368,300	32	−1⅛
Westinghouse Elec.	239,400	17⅛	+ ⅛
Polaroid	304,200	40⅝	+ ⅝
Texaco	236,500	24⅛	+ ⅛
Tenneco	225,400	31⅛	+ ⅛
[illegible]ns Corpn.	219,000	9⅛	—
Xerox Corpn.	209,400	61⅛	+ ⅛
[illegible]arle Gd.	197,100	13⅛	+ ⅛
[illegible]age Producers	174,000	10⅛	+ ⅛
Gulf & Wstrn. Ind.	169,000	25⅛	+ ⅛

[illegible]29 higher at 87.34. Declining issues outnumbered advances by a 6 to 5 margin. Turnover was fairly active, approximating 10m. shares.

In Chemicals, Du Pont slipped $2¾ to $136¾ after the company predicted in a published report that second quarter profits would be below first quarter results.

Other chemical issues under downward pressure included Monsanto off $2¼ to $91, Dow Chemical $1⅛ to $46⅞, and Union Carbide $1⅛ to $65⅛.

Elsewhere, Marathon Oil surrendered $1¼ to $56⅞. It said its North American oil production for the year will be reduced about 4,000 barrels per day as a result of a temporary shutdown of one of its platforms in Cook Inlet, Alaska. It had previously estimated a loss of 2,700 barrels.

Air Products and Chemicals fell $3½ to $73. It said some shipments of liquid natural gas heat exchangers had been delayed, which will cause some income that would have ordinarily been recognised in the year ending September 30 to contribute instead to fiscal 1977 earnings.

But Richmond Corporation rose $¾ to $17⅞, although it had been up $2 at one time. The company could not explain the reason for the strength.

Inexco, which reported a second Saskatchewan uranium find, added $¾ to $14⅞.

Prices on the American Stock Exchange declined, with the Amex Index off 0.30 at 105.02.

Turnover approximated 1.25m. shares. Houston Oil and Minerals fell $1⅞ to $61½, but U.S. Rubber Reclaiming added $2¼ to $11½.

U.S. Rubber Reclaiming said it expects substantially improved second quarter results. It also said a Canadian group made an offer for its shares at $13 each.

Canadian markets were closed for Dominion Day.

OTHER MARKETS

PARIS—Mixed in dull trading, dealers said.

Engineerings and stores were slightly higher, while banks, foodstuffs and electricals were generally lower.

In an irregular oil sector, shares of Antar Petroles de l'Atlantique were unquoted due to a heavy influx of buying orders. In the foreign sector, Americans lost ground, Germans were narrowly mixed and Dutch slightly higher.

BRUSSELS—Mixed in very quiet trading, delayed by a computer failure caused by the heat, dealers said.

In opening quotations, Reserve, Hoboken and FN were slightly higher, with ACEC and Gevaert easier.

German stocks eased. RTZ firmed in otherwise little-changed U.K. issues. U.S. stocks were slightly higher, Gold mines mixed. Petrofina and American Petrofina rose, Canadian Petrofina fell.

AMSTERDAM—Shares were mixed in more active trading in response to foreign exchange market movements. Dutch internationals were lower with the exception of Hoogovens.

Elsewhere, shippings rose although KLM was lower. Industrials were also mostly higher. Plantations mixed. Insurances and Banks unchanged to lower. State Loans rose.

SWITZERLAND: Higher over a broad front, dealers said.

Major banks closed higher. Bally Bearer continued firm on active buying interest while its registered stock was unchanged.

Industrials rallied on institutional and private demand. State bonds ruled little changed.

Dollar stocks fluctuated narrowly. Dutch internationals closed barely steady, while Germans generally edged lower.

OSLO—Banking tended irregular while insurance and shipping were quiet.

COPENHAGEN—The market was slightly higher over a broad front.

FRANKFURT — Shares closed weaker in featureless trading on lack of buying interest, dealers said.

Karstadt fell DM12.50 while Neckermann was well maintained after yesterday's announcement on Karstadt aiming to take Neckermann's unissued capital.

Leading Chemicals, Electricals and Motors lost up to DM1.50, although Daimler was down DM5.50. Deutsche Bank lost DM3 and Dresdner DM2.40 but Commerzbank was little changed.

Selling pressure in public bonds brought losses of up to DM0.60. The regulating authorities bought DM16.4m. nominal of paper (£5.7m.).

MILAN—The market closed mixed with bonds generally higher in moderate trading, dealers said.

VIENNA—Closed slightly higher in moderate trading.

HONG KONG—Closed for holiday.

TOKYO—The market closed mixed in active trading with medium priced shares gaining ground while high-priced issues levelled off on profit taking, dealers said.

Commodity market-related shares continued to firm in line with the recovery of domestic Textile, Chemical, Non-ferrous Metal and some other commodity markets.

Major gainers included Sanyo Kokusaku Pulp, Toyo Soda, Nippon Cement, Dowa Mining and Mitsui Mining and Smelting.

High-priced Electricals, Motors and some other blue chips, however closed easy on profit-taking.

Toyo Kogyo rose on its announcement that it had received an order for rotary engine parts from the Soviet Union, but recently-selected Honda Motor, Toyota Motor, Sony, Pioneer, Nippon Gakki and Hitachi closed lower.

JOHANNESBURG—Gold shares were easier in line with the lower bullion price and on London selling, dealers said.

Turnover was small. Heavyweights lost up to 100 cents while marginal and speculative issues shed about 10 cents.

Financial mining followed producers down and Amgold lost 80 cents to 2,600. Collieries were easier on local selling pressure. Dealers noted a general lack of interest in metals and prices were little changed.

However, copper share Palamin gained, and in other metals Cons Murch was higher. Elsewhere, De Beers was lower. The industrial market was steady in quiet trade.

AUSTRALIA — Mining and industrial leaders got the Sydney Stock Exchange's new financial year off to a good start, while there were few spectacular rises, all sections of the market firmed.

Pancontinental again took the honors on the mining boards rising to $A14.30 after being even higher in earlier dealings. Other leaders to move ahead included Bougainville, MIM, Poseidon and Western Mining.

The Oils were also in front with the best rises going to Ampol Ex and Woodside Burmah.

BHP set the tone for the Industrials to $A8.20 and was ably supported by Bank of New South Wales.

The sugar trio of CSR, Bundaberg and Pioneer was again ahead, as were coal stocks like Utah and Bellambi.

The rest of the list was dotted with small rises, the only leader taking a tumble being Lend Lease.

Sterling improves

Sterling improved in the foreign exchange market yesterday, gaining ground against the U.S. dollar and major currencies in general. The pound's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, narrowed to 38.5 per cent. from 38.8 per cent. (the best level since an early calculation on June 8) and stood at 38.8 per cent. at noon and in early dealings. Sterling opened at $1.7830-1.7840 and after remaining steady during the morning, rose sharply after lunch to touch $1.7930-1.7940 on strong buying interest. Some selling in New York pushed the rate down in the mid-afternoon to $1.7910-1.7920, before closing at $1.7885-1.7895, a gain of 40 points on the day.

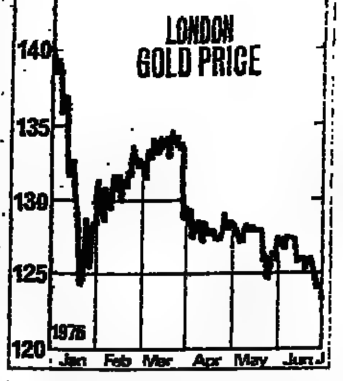
With the strong upward movement of the pound yesterday, there were indications that the authorities were allowing conditions to ease in the forward market, and the discount on three-month forward sterling against the dollar fell to 3.38 cents from 3.73 cents.

In support of the Dutch guilder the Dutch Central Bank continued to employ similar tactics to those used recently by the Bank of England and Euro-guilder interest rates were again very firm. The Dutch unit touched Fls.2.70 in terms of the dollar, but closed at Fls.2.7255, little changed on the day.

Most other major currencies were rather weaker against the dollar, but the Japanese yen was very firm, closing at Y297.10, compared with Y298 previously.

The dollar's trade-weighted average depreciation since the Washington Agreement, as calculated by Morgan Guaranty in New York, widened slightly to 2.10 per cent. from 2.04 per cent.

Gold fell $¾ to close at $122¾-123¼, and remains depressed by the prospect of the next gold auction by the International Monetary Fund, which is due to be held this month.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	June 30	June 29
Sterling	0.643407	0.644539
U.S. dollar	1.14610	1.1499
Belgian franc	45.4975	45.4958
Deutschemark	2.95029	2.95413
French franc	5.43260	5.44044
Italian lire	965.297	[illegible]
Japanese yen	340.850	339.214
Dutch guilder	5.13516	5.13772
Swedish krone	5.10152	5.10825
Swiss franc	2.83431	[illegible]

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

July 1	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf'rt	—	2.616-678	64.56-55	6.48-50	4.61-62	24.64-75	104.35-37
N. York	38.23-25		21.11-12	2.498-500	1.7875-80	36.67-70	40.67-40
Paris	155.3-154.3	4.73-74		11.55-98	8.465-490	172.22-62	192.10-50
Brussels	16.38-42	39.64-67	8.26-48		70.24-36	14.56-61	16.[illegible]
London	4.50-61	1.788-789	8.45-49	70.96-71.16	—	4.87-4.88	4.41-4.42
Am'rd'm.	105.65-68	2.713-720	57.345-395	6.654-459	4.862-867		110.22-27
Zurich	96.78-89	2.468-469	52.04-08	6.215-228	4.422-425	90.45-67	—

U.S. $ in Montreal U.S. $=96.88-90 Canadian cents.
Canadian $ in New York C$=103.18-20 U.S. cents. U.S. $ in Milan 832.00-829.25
Sterling in Milan 1,489.80-1,500.65.

EURO-CURRENCY INTEREST RATES*

July 1 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W.German mark	Swiss franc
†Short term	16¼-18¾	5⅜-5⅝	7¼-8¼	8-8½	3¾-4	1¼-1½
7 days notice	13¾-15¼	5⅜-5⅝	7¾-8¼	8-8½	3⅞-4	1¼-1¾
Month	14⅞-16⅛	5¾-6⅛	8¼-8⅝	8-8¼	3⅞-4	[illegible]
Three months	14-14⅝	5⅞-6⅛	8⅜-8⅝	8⅜-8	4⅛-4¼	[illegible]
Six months	15⅛-15⅞	6¼-7	8½-8¾	8⅜-8⅝	4-4⅛	[illegible]
One year	15⅛-15⅞	7-7⅛	8½-8⅝	8¼-8½	[illegible]	[illegible]

Euro-French deposit rate: two-day 8¾-8⅞ per cent.; seven-day [illegible] per cent.; one-month 8⅞-9⅛ per cent.; three-month 9⅛-9⅜ per cent.; six-month 10⅛-10⅜ per cent.; one-year 10⅝-11 per cent.

Longer-term Eurodollar deposits: two years 8-8⅛ per cent.; three years [illegible] per cent.; four years 8⅜-8½ per cent.; five years 8⅜-8⅝ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 5⅞-6⅛ per cent.; three months 5⅞-6 per cent.; six months 6[illegible] per cent.; one year 7⅛-7⅜ per cent.

* Rates are nominal closing rates.
† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

GOLD MARKET

Gold Bullion (a fine ounce)		
Close	$122¾-123¼	$123¼-124¼
Opening	$123¼-124	$123¼-124
Morning fixing	$123.25 (£68.959)	$123.80 (£69.469)
Afternoon fixing	$122.30 (£68.557)	$123.80 (£69.413)
Gold Coins (domestic)		
Krugerrand	$127-129 (£71¼-72¼)	$128-130 (£71¾-72¾)
New Sovereigns	$44-46 (£25-26)	$45-47 (£25¼-26¼)
Old Sovereigns	$41-43 (£23-24)	$41-43 (£23-24¼)
Gold Coins (International)		
Krugerrand	$126-128 (£70¾-71¾)	$127-129 (£71¼-72¼)
New Sovereigns	$44-46 (£25-26)	$44½-46½ (£25-26)
Old Sovereigns	$39-41 (£22-23)	$39-41½ (£22-23)
$20 Eagles	$200-203	$201-204¼
$10 Eagles	$98-101	$100-103
$5 Eagles	$68-71	$69-72

FOREIGN EXCHANGES

July 1	Bank rate %	Day's spread	Close
New York	5½	1.7820-1.7945	1.7885-1.7895
Montreal	9	[illegible]	[illegible]
Amsterdam	5	4.85-4.89	4.87-4.88
Brussels	7	70.85-71.5	70.95-71.15
Copenhagen	8	10.92-11.00	10.97-10.98
Frankfurt	3½	4.59-4.62	4.60-4.61
Lisbon	[illegible]	[illegible]	55.00-55.20
Madrid	7	[illegible]	[illegible]
Milan	12	1,484-1,505	1,500-1,502
Oslo	5	9.81-9.87	9.84-9.85
Paris	8	8.44-8.50	8.49-8.49
Stockholm	6	7.83-7.90	7.88-7.89
Tokyo	6½	525-532	531-532
Vienna	4	32.70-33.23	32.95-33.15
Zurich	2	4.38-4.42	4.41-4.42

* Basic discount. Rates given are for convertible francs. Financial franc 71.50-71.70.

OTHER MARKETS

	£		£
Argentina	251.05-251.25	Argentina	560-580
Australia	1.4405-1.4465	Austria	31½-32
Brazil	18.16-19.33	[illegible]	[illegible]
Finland	6.92-6.94	[illegible]	[illegible]
Greece	64.410-66.019	[illegible]	[illegible]
Hong Kong	8.82-8.86	[illegible]	[illegible]
Iran	124-126	[illegible]	[illegible]
Kuwait	0.520-0.524	[illegible]	[illegible]
Luxembourg	70.95-71.15	[illegible]	[illegible]
Malaysia	4.5475-4.5620	[illegible]	[illegible]
N. Zealand	1.7844-1.8105	[illegible]	[illegible]
Saudi Arabia	6.25-6.35	[illegible]	[illegible]
Singapore	4.422-4.43	[illegible]	[illegible]
S. Africa	1.5457-1.5505	[illegible]	[illegible]
U.S.	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]

Based on rates quoted for [illegible] SCBRA [illegible]

FORWARD RATES

[illegible]

* Six-month forward dollar [illegible] and 12-month [illegible]

Indices

NEW YORK — DOW JONES

	June 30	June 29	June 28	June 25	June 24	June 23	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	1002.78	1000.65	997.58	999.84	1003.77	996.58	1,011.02 (21/4)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home Bonds	72.69	72.69	72.68	72.79	72.81	72.76	73.60 (22/4)	69.11 (2/1)	—	—
Transport	224.77	222.45	221.43	222.81	221.78	228.64	232.21 (26/6)	175.68 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	87.55	87.55	87.58	87.52	86.89	86.98	81.90 (4/2)	84.80 (26/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	28.850	19.620	17.490	17.350	19.850	17.560	—	—	—	—

	June 18	June 11	June 4	Year ago (approx)
Ind. div. yield %	3.70	3.88	3.94	4.69

STANDARD AND POORS

	June 30	June 29	June 28	June 25	June 24	June 23	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	117.88	116.92	117.46	116.78	116.87	116.85	118.67 (24/3)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	104.28	103.65	104.35	103.72	103.78	103.25	105.86 (29/6)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	June 17	June 9	June 2	Year ago (approx.)
Ind. div. yield %	3.41	3.55	3.46	3.73
Ind. P/E Ratio	12.66	12.22	13.39	11.08
Long Govt. Bond yield	5.89	5.72	5.86	5.71

N.Y.S.E. ALL COMMON

June 30	June 29	June 28	June 25	1976 High	1976 Low
55.71	55.46	55.25	55.55	55.71 (30/6/76)	57.06 (2/1/75)

Rises and Falls	June 30		
Issues Traded—1,845		Up—940	
Down—467		Same 438	
New Highs 137		New Lows 16	

MONTREAL

	June 30	June 29	June 28	June 25	1976 High		1976 Low	
Industrial	198.65	189.46	186.78	(u)	207.56	(19/5)	176.82	(2/1)
Combined	190.90	190.54	192.18	(u)	198.76	(23/5)	176.87	(2/1)
TORONTO Industrial	187.46	187.82	188.11	188.74	187.46	(30/6)	176.01	(2/1)
JOHANNESBURG Gold	176.8	178.4	185.9	187.2	225.7	(12/3)	174.4	(6/4)
Industrials	202.6	201.6	201.6	202.6	215.0	(21/5)	198.6	(15/4)

	July 1	Previous	1976 High	1976 Low
Australia (a)	476.08	471.00	475.51 (22/6)	446.22 (5/1)
Belgium (b)	100.22	99.65	115.15 (5/2)	91.05 (5/5)
Denmark (c)	—	110.97	112.22 (8/6)	100.30 (10/3)
France (e)	66.5	66.7	74.5 (5/3)	65.1 (18/6)
Germany (f)	761.7	768.9	821.7 (11/3)	732.0 (20/5)
Holland (g)	90.1	89.9	100.5 (5/2)	89.8 (23/6)
Hongkong (k)	(z)	412.80	465.45 (17/3)	304.55 (2/1)
Italy (l)	80.78	80.77	91.67 (5/2)	72.23 (4/5)
Japan (m)	357.05	357.90	357.90 (30/6)	326.22 (6/1)
Singapore (n)	267.99	258.14	[illegible]	256.50 (5/1)

	July 1	Previous	1976 High	1976 Low
Spain (p)	—	98.06	100.79 (7/5)	85.40 (1/4)
Sweden (q)	444.34	465.18	474.98 (10/6)	393.87 (19/1)
Switz'rl'd (r)	291.5	294.9	306.0 (13/5)	276.5 (4/6)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10; (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. † Excluding bonds. ‡ 425 Industrials. + 425 Inds., 50 Utilities and 25 Rails. (z) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—111½% (111¼%)

NEW YORK

Stock	June 30	June 29
Abbot Labs	44¼	43⅞
Addressograph	10	9⅞
Corning Glass	75	76¼
CPC Int'nation'l	48⅝	48⅞
Crane	36⅞	36⅝
CrockerNat	26⅞	26½
Johns Manville	30¼	30¼
Johnson Johnson	84¼	84¼
Johnson Control	21½	20⅝
Joy Manufactur'g	50½	50½
Republic Steel	38⅛	38
Revlon	64	63
Reynolds Metals	37⅞	37⅜
Reynolds R.J.	56⅛	56⅝
Zenith Radio	32⅞	33⅛
U.S. Treas. 4% 1980	89½	89
U.S. Treas. 4¼% 75/85	82½	82½

[illegible]

CANADA

[illegible]

GERMANY ♦

July 1	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	88	−1	—	—
Allianz Versich	424	−2.5	18	2.1
B.M.W.	280	1	18	3.7
BASF	161.7xd		14	4.5
Bayer	141.7	−0.1	17	6.1
Bayer Hypo	277	−2	20	3.6
Bayer Vereinsbk	275	−2.5	20	3.0
Commerzbank	185.9	−0.1	18	4.9
Conti Gummi	66	−1	—	—
Daimler	343.5	−5.5	17	2.4
Degussa	255.5	−1.5	15	3.8
Demag	178.2	−2.5		
Deutsche Bank	280	−3	20	3.5
Dresdner Bank	208	−2.4	20	4.7
Dyckerhoff Zem't	160	+6	6	1.8
Gutehoffnung	167	−1.5	14	4.1
Hapag Lloyd	125	−0.2	12	4.8
Harpener Dm100	160	+2	8	5.0
Hoechst	149.9	−0.6	14	4.6
Hoesch	57.5	+0.5	—	—
Kali Salz (Dm50)	108xd	+1	7	3.3
Karstadt	387.5	−12.5	20	2.6
Kaufhof	237	+1	20	4.2
Klockner Dm100	112	+0.5	—	—
KHD	183	−1	10	3.0
Krupp Dm100	118	+3	—	—
Kundenkredit Bk	272	+2	16	[illegible]
Linde	300	+1	18	4.0
Lowenbrau Dm100	1,610		20	1.1
Lufthansa	95	−0.5	4	2.1
M.A.N.	171	−1.5	12	3.6
Mannesmann Dm100	593	−2	14	3.6
Metallgesellschaft	240	+1.5	10	
Munch. Rucksvers	475	−10	18	1.9
Neckermann	104xd		—	
Preussag Dm100	148xd		7	4.6
Rhein West Elect	161	−3	17	4.9
Schering	254	−4	20	3.0
Siemens	286.7	−1.5	16	2.4
Sudzucker	262	−6.5	19	3.6
Thyssen	118.3	−0.2	14	5.8
Verein & West Bk	318		20	2.9

MILAN

July 1	Price Lire	+ or −	Div. Lire	Yld. %
Alitalia Priv	66	−30		
ANIC	664	−16	—	
Assicur. Gen	3,560		120	3.7
Bastogi	965	+10	70	7.4
Breda	1,840	−61	165	[illegible]
Burgo	9,550		200	2.1
Centrale	6,085	−45	200	3.3
CIGA	4,250	−50		
Credito It	4,410	−35	225	5.1
Dalmine	609	+9	75	1.2
Erba	4,051	−64		
Fiat	1,669	−15	100	6.0
Do. Priv	1,010	−5	100	[illegible]
Finsider	278.75	+3.75	40	14.5
Generali	44,350	−630	400	11.2
Invest B	4,170			
Italcementi	19,100	−100	350	1.8
Italgas	488	+25		
Italsider	398	+3.25	60	1.5
La Centrale	7,825	−25	450	
Marelli Ercole	489.5	+20.5	—	
Mediobanca	69,010		1,200	1.6
Mondadori Priv	1,050		120	11.4
Montedison	456.25	−4.75	—	—
Motta	940	−69	—	—
Olivetti Priv	1,068	−27	70	6.5
Pirelli & Co	1,500	−16	110	7.3
Pirelli Spa	184	−6	50	11.0
RAS	72,950		600	0.8
Rinascente	68	−1.75	—	
Rumianca	1,640	−10	100	6.2
SAFFA	6,644	−61	400	5.8
SAIGI	1,675	−45	160	0.9
Snia Viscosa	1,470	−25	72	4.8
Soc. Gen. Immobil	145		—	

BRUSSELS/LUXEMBOURG

July 1	Price Frs.	+ or −	Div. Frs. Net	Yld. %
Arbed	4,005		180	5.8
BBL Bq Brx Lamb	1,705	−45	40	2.4
Bekaert "B"	2,040		105	5.1
CBL Cie Br Lamb	1,[illegible]	+10	110	6.6
C.B.R. Cement	1,675	+10	75	8.8
Cockerill	612	6	—	
E.B.E.S.	2,050	+5	161	8.0
Electrobel	5,76[illegible]	−30	400	7.1
Fabrique Nat	1,69[illegible]	+20	—	
G.B. Inno-Bm	1,720	5	70	4.0

[illegible]

PARIS

July 1	Price Frs.	+ or −	Div. Frs.	Yld. %
Afrique Occid't'le	421	1	19.8	4.6
Air Liquide	359.9	1.1	16.5	4.6
Aquitaine	357	−7.8	22.5	6.1

[illegible]

SWITZERLAND

[illegible]

AMSTERDAM

[illegible]

COPENHAGEN

[illegible]

VIENNA

[illegible]

AUSTRALIA

July 1	Aust. $	+ or −
ACMIL Australia	0.71	
Australian Bright n' Cop	1.21	.01
Allied Mine Trdg Indus	1.65	
Ampol Exploration	0.92	
Ampol Petroleum	0.64	
Assoc. Minerals	1.63	
Assoc. Pulp Paper	0.66	−0.01
Aust. Con. Industries	1.71	
Aust. Foundation Invest	0.92	

[illegible]

TOKYO

[illegible]

STOCKHOLM

[illegible]

OSLO

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

SPAIN ♥

[illegible]

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax. [illegible]

كاتب اصالة العمل

FINANCIAL TIMES SURVEY

Friday July 2 1976

Medium and Long term Finance

The beginnings of a recovery in profits coupled with the running down of stocks and falling capital investment have led to a sharp fall in the financial deficit of companies. Meanwhile, large sums have been raised by rights issues and new avenues of finance opened up by innovations like the Equity Bank.

Recession trims corporate deficit

[TH]E FINANCIAL position of [th]e company sector has im[pr]oved considerably over the [las]t 18 months—ironically, just [at] the time when the debate [ov]er the provision of medium [an]d long-term finance for [in]dustry has become more tense. Yet the discussion [le]ading to the expansion in the [ro]le of Finance for Industry [an]d the formation of Equity [Ca]pital for Industry has more [to] do with past squeezes, par[tic]ularly at the end of 1974, and [po]ssible future needs rather [th]an current problems. Indeed, [co]mpanies were actually net [su]ppliers of funds to the banks [du]ring 1975, for the first time [fo]r four years.

The underlying turnround [ca]n be seen most clearly in the [sh]arp reduction in the financial [de]ficit of industrial and com[m]ercial companies—down from [£3].2bn. in 1974 to £336m. last [ye]ar. This reflected on the one [ha]nd an increase in the cash [av]ailable because of the begin[n]ings of a recovery in the level [of] corporate saving and, on the [ot]her hand, reduced demands [ca]used by heavy destocking [as]sociated with the recession.

Bottomed

The improvement in cor[p]orate saving occurred despite [a] slight fall in the overall figure [fo]r gross trading profits—[w]hich seem to have bottomed [in] the third quarter. The [e]xplanation is a decline in the [a]mount of stock appreciation [c]ompared with the period of [r]apidly rising raw materials [p]rices in 1974. So profits net [o]f stock appreciation improved [a]nd there was also a significant [r]eduction in payments of Cor[p]oration Tax, reflecting in large [p]art the extension of tax reliefs.

The result was a £1.2bn. rise [i]n corporate saving net of stock [a]ppreciation to £4.68bn.—to [w]hich should be added £2.75bn. [f]rom a swinground to a £1.63bn. [d]rop in the level of physical [h]oldings of stocks during the [y]ear.

The £4.1bn. improvement [f]rom these items and a small [a]lteration in capital transfers [f]ar outweighed a £1.2bn. jump [t]o £7.05bn. in fixed capital spending (mainly reflecting price increases but also a higher volume of investment in North Sea oil and gas installations). So the overall financial deficit was virtually eliminated during the year.

The reduction in the financial deficit was the main reason for a £3bn. drop in the total financing requirement of the corporate sector (after taking account also of slightly higher investment abroad and lower spending on domestic acquisitions).

At the same time, the pattern of financing was very different last year from that of 1974—in particular, companies were able to raise new equity finance from the stock market on a large scale. Industrial and commercial companies raised just over £1bn. on the capital market (mostly in the form of rights issues) during 1975, compared with nothing in the previous year. In addition, they received £1.2bn. during the year from unidentified domestic sources: this may be partly associated with a reduction in net trade credit extended by companies during the year.

In addition, there was also an increase in overseas investment in U.K. companies during the year. The overall impact both of the lower financing requirement and the changed pattern was a reduced need for bank credit with an increase in bank borrowing of less than a sixth of the rise for 1974. Companies were also able to rebuild their liquid assets by over £2.5bn. and the net liquid deficit fell back from 12 to 6 per cent. of total capital employed during the year.

The improvement has been maintained so far this year with a further recovery in gross trading profit (ex stock appreciation)—20 per cent. up in the first quarter compared with the previous three months. Yet at 7 per cent. of total domestic income, profits still remain at a historically low level.

On the other side of the picture, the level of physical stocks was still falling in the first quarter, though only by a very small amount, and there should be some stockbuilding from now onwards. The financial implications are somewhat complicated by the depreciation of sterling and rise in commodity prices which could lead to some precautionary stockbuilding — though judging by the balance-of-payments figures, this has occurred on only a small scale so far.

Meanwhile, capital investment is continuing to fall, though at a much slower rate than before. While various investment intentions surveys point to an upturn later in the year, capital spending is expected to drop in real terms over the year as a whole — partly because of a flattening in the planned level of North Sea oil investment.

The overall result—particularly of the rise in corproate savings—is a forecast financial surplus for industrial and commercial companies of £1.5bn. in 1976 according to the May issue of the National Institute Economic Review. The strength of profits over the next year coupled with a slowing down in inflation and a slow build up in the rate of physical stockbuilding and capital investment is expected to produce a surplus of £2.2bn. next year, according to the NIESR forecasts. But the exact projections will depend on the rate of the economic recovery.

The improvement in liquidity and gearing which industry achieved during the recession of 1975 should not be eroded too quickly as rights issues are continuing at a high level with around £200m. raised in the first quarter. Consequently, as the recent Bank of England Quarterly Bulletin pointed out, the timing and extent of companies' need for recourse to bank finance is difficult to predict.

Bank borrowing, which has been very sluggish for some time, can nonetheless be expected to recover as the economy and corporate spending revive. An increase in borrowing in recent months may, however, reflect some lending to finance altered payment patterns for exports and imports — known as "leads and lags" — and no clear trend has been established.

Some forecasters believe that over the next two years the corporate sector will be able to maintain its liquidity by increasing its bank deposits faster than its bank borrowings. But there is concern in the longer term that a more rapid rate of economic expansion, reflected in a rise in stockbuilding and fixed investment and aggravated by a sharp increase in commodity prices could make these hopes appear too optimistic.

The shocks provided by the profits and liquidity squeeze of 1974 are likely to mean that many companies will be reluctant to increase their short-term borrowing sharply, after having improved their gearing during the last 18 months. Nevertheless there is a determination to ensure that finance itself should not be a constraint on the expansion of the economy as a whole or on the expansion of particular companies, although a number of studies have shown that it has not acted as a brake except in a limited number of cases.

The rights issue wave of the last 18 months—totalling around £1.5bn. by now—has enabled companies both to correct gearing imbalances which arose during 1973-74 and to broaden their equity bases in preparation for upturn. But as a number of companies have pointed out debt/equity ratios can change very quickly and the scope for raising fresh equity capital may be much more limited if stock market prices fall during the next year or so.

Moreover, the rights issues have only been made by a limited range of companies, specifically those with public quotations, and there has been some concern that equity finance may not be available for other companies which are perhaps going through a temporary difficult period and are not able to meet the criteria conventionally required by the stock market. A possible gap here has been one of the main arguments used in support of the Equity Bank although it has yet to be proven how many deserving, though long-term viable, cases actually exist.

Dormant

Although the company sector has had an infusion of equity the long-term corporate bond market in the U.K. has remained dormant to a large extent, because companies have been reluctant to commit themselves to apparently high nominal interest rates for 20 years or more. There have, however, been certain attempts to bridge the gap with medium-term finance by both the clearing banks and Finance for Industry.

But apart from the question of ensuring a wide range of *sources of finance for industry*, the health of the corporate sector essentially depends on its ability to generate profits—and the latest easing of the Price Code is a definite step in the direction of getting profitability back up to levels necessary before companies are willing to undertake sustained investment programmes.

Peter Riddell
Economics Correspondent

FINANCIAL POSITION OF INDUSTRIAL AND COMMERCIAL COMPANIES
(£m.)

Seasonally adjusted
Assets: increase +/decrease −
Liabilities: increase −/decrease +

	1971 Year	1972 Year	1973 Year	1974 Year	1975 Year	1974 3rd qtr.	1974 4th qtr.	1975 1st qtr.	1975 2nd qtr.	1975 3rd qtr.	1975 4th qtr.	1976 1st qtr.
Capital expenditure	+4,235	+4,686	+8,123	+11,870	+9,424	+3,068	+2,654	+2,218	+2,214	+2,465	+2,527	
Less: Saving	−3,760	−4,878	−7,317	−8,313	−8,682	−1,816	−2,148	−2,282	−2,138	−2,091	−2,171	
Less: Capital transfers (net)	−554	−380	−347	−334	−406	−76	−80	−178	−67	−79	−82	
equals: Financial surplus −/deficit +	−79	−572	+459	+3,223	+336	+1,176	+426	−242	+9	+295	+274	
Trade investments, mergers, etc. in the U.K.	+338	+802	+993	+454	+226	+77	+65	+55	+59	+65	+47	
Long-term investment abroad	+791	+821	+2,163	+1,841	+1,863	+406	+733	+565	+659	+165	+474	
Import deposits	−253	—	—	—	—	—	—	—	—	—	—	
Total requiring financing (+)	+797	+1,051	+3,615	+5,518	+2,425	+1,659	+1,224	+378	+727	+525	+795	
Capital issues (including euro-currency issues)	−458	−737	−271	+1	−1,034	−13	+10	−5	−336	−354	−339	−221
Overseas investment in U.K. companies	−747	−532	−970	−942	−1,255	−447	−256	−296	−100	−495	−364	
Import credit and advance payments on exports	−231	−281	−387	−370	−215	−63	−175	+2	−16	−52	−149	
Export credit and advance payments on imports	+93	+149	+282	+276	+89	+20	+60	+9	−43	+3	+120	
Bank borrowing	−730	−2,988	−4,504	−4,411	−700	−1,536	−597	−355	−414	+132	−63	+33
Other borrowing*	−329	−11	−1,234	−263	−428	−5	−169	−222	+219	−69	−356	
Bank deposits, notes and coin	+1,085	+2,294	+2,500	+92	+2,159	+3	−124	+571	+403	+1,038	+147	+202
Other liquid assets†	+127	+97	+140	+3	+356	+81	−93	−30	+49	+280	+57	
Other items‡	+94	+9	+164	+270	+259	+59	+227	−111	+145	+144	+81	
Other overseas transactions (including the balance of payments balancing item)§	−317	+672	−174	−1,247	−445	−273	+263	+30	+593	−840	−238	
Unidentified domestic transactions§	+616	+277	+839	+1,073	−1,211	+514	−370	+39	−1,227	−312	+299	
Total financing (−)	−797	−1,051	−3,615	−5,518	−2,425	−1,659	−1,224	−378	−727	−525	−795	

* Including transactions in commercial bills by the Issue Department; and accruals adjustments for interest on bank deposits and advances, local authority rates, purchase tax, VAT, car tax, and refunds of SET.
† Treasury bills, British Government stocks, local authority debt, tax reserve certificates, tax deposit accounts, certificates of tax deposit, and deposits with other financial institutions. The figures for government stocks relate only to transactions by those large companies covered by the Department of Industry's survey of company liquidity.
‡ Net trade credit with public corporations, and hire-purchase lending.
§ Most of the balancing item in the balance of payments accounts, especially when large, probably reflects unidentified transactions between companies and overseas. It is deducted from the total amount unidentified in the company accounts to leave a rough estimate of unidentified domestic transactions.

Source: Bank of England

Government support on a generous scale

BRITAIN is certainly not unique among Western nations in providing State aids for industry. One has only to look across the Channel to find that most countries in Western Europe—despite their differing attitudes to the competitive system and the role of government in it—pursue active industrial policies. They all to one degree or another offer incentives for industrial investment, research, and regional development and intervene selectively with a view to promoting new technologies or creating new employment.

Indeed, this aspect of industrial policy has become noticeably more important since tariff protection came to an end. It is one way in which autarchic policies can still be pursued while still formally complying with the rules governing international trade.

Britain, however, is now much more active in this area than most countries. Reliable figures about the scale of governmental aids to industry are hard to come by both in absolute terms and as a percentage of gross national product. But the investment incentives available in this country are more generous than elsewhere. The effort put into regional development, both directly through the development of infrastructure and in the form of cash incentives to industrialists, is at least as great as in Italy.

Selective

Support for industrial research and development is on a proportionately larger scale here than on the Continent. And the scale of selective financial assistance to the so-called advanced technology industries, such as aerospace and nuclear power, and to a wide range of other industries is at least as great, if not greater, in Britain.

The total provision for Government support to industry, trade and employment last year was about £2.7bn. (at 1975 survey prices), according to the last Public Expenditure White Paper. In round figures, this was equivalent to about 5-6 per cent. of total public spending and about 3-4 per cent. of Gross Domestic Product.

Part of this total was spent on what might be called "back-up" services, such as export promotion, the re-financing of export credits, industrial training and other labour market services, and the administration of industrial policy. A further sum was paid to the nationalised industries as compensation for price restraint or to help meet the cost of social policies in this sector (mostly in the coal-mining industry). The total for industrial aids as such—in other words, cash payments — was some £1.5bn.

In real terms this was more than double the amount being spent each year at the beginning of the 1970's—excluding investment grants, as those were eventually replaced by tax allowances which are not treated as forming part of total public expenditure. All the major categories of assistance — apart from two—have doubled during this time.

The total spent on regional incentives has been doubled, and so has the total amount spent on non-regional assistance to industry. Discretionary assistance (that is, assistance which depends upon ministerial decision as distinct from automatic payments like regional development grants and regional employment premiums) has been increased just as much as non-discretionary payments.

The two principal exceptions are discretionary assistance to aerospace and nuclear projects, which in real terms is hardly any higher now than five years ago, and discretionary assistance to other industries, such as tourism, shipbuilding and selective assistance under S.7 & 8 of the Industry Act, 1972 (and the equivalent powers of the Industry Act, 1975).

The figures show a clear switch in emphasis away from the two sectors which received the lion's share of State help in the 1950s and 1960s. Up to a point the change is to be welcomed. A recent study by a senior economic advisor at the Department of Industry showed that between 1945 and 1974 about £1.5bn.—in present-day money terms—had been spent by the Government in support of civil aircraft and aero engine development and of that total less than £150m. (again in terms of to-day's prices) had been recovered.

In the earlier post-war years a measure of support could probably be justified on the grounds that the aircraft industry should be helped to re-establish itself. Further support could also perhaps have been justified as a form of dowry at the time of the enforced mergers among aircraft companies in the early 1960s.

But even if these amounts are excluded, together with certain other exceptional payments, the total amount spent by the Government on apparently commercial grounds during these thirty years amounted to more than £150m. (in constant price terms) of which the Government has received back, in 1974, only £90m. Only one project—the Viscount—yielded a return to the Government substantially in excess of the contributions; and even here the excess was not sufficient to provide a reasonable allowance for interest.

Welcomed

It has long been argued that Government support for industry should be much more widely spread than in the past when it tended to be concentrated on a few, favoured sectors of advanced technology. To that extent the new broader approach ought to be welcomed. But is it likely to be any more successful than the old approach?

If the criterion of success is the contribution which industrial policy may make to economic growth, then the answer must at best be one of considerable scepticism. Differences of national industrial policy do not by themselves explain the differences in national growth rates. There is a tendency to argue a case for industrial policy on these grounds but there is no evidence to suggest a casual link between industrial policy and economic growth.

Comparisons of the nature and scale of financial aids to industry within Western Europe and in the industrialised world generally reveal no such link. The West German economy, with little Government intervention and low levels of financial assistance, has grown at about the same rate as the French, where Government intervention and financial assistance have been much greater.

If one judges success against objectives such as employment, regional balance, export competitiveness, or import saving, then again there is room for considerable scepticism. On the one hand, there does seem to be some evidence to suggest that the regional balance has been improved in the past 15 years or so. On the other hand, there is a long list of instances of intervention where considerable sums of public money have been written off and no longer term benefit can be set on the other side of the account. Even where a measure of success can be recorded, the cost-effectiveness of the original intervention has usually been, at best, disappointing.

Of course, once governments begin pursuing active industrial intervention policies, they become hostage to every major industrial casualty. It is politically unrealistic now to expect governments to stand on one side when major employers like Rolls-Royce, British Leyland, Upper Clyde Shipbuilders, or Chrysler look like collapsing. But, while major rescues capture the headlines and absorb large amounts of public money, as much concern has to be registered over the way in which *rather smaller* sums are disbursed on rather smaller ad hoc selective interventions.

Earlier this year the Department of Industry published the criteria which would in future govern the provision of selective financial assistance under the Industry Acts. These were welcome but only in so far as they went. After the workers' co-operative experiments of 1974 and 1975, it is encouraging to learn that profitability, commercial prospects, quality of management, and the willingness of commercial bodies to put up part of the finance now feature among the criteria.

But these matters are not enough in themselves. As the failures of the past have shown, there is still an imperative need for a clear definition of objectives whenever State support is provided, for policies to be monitored so that their effectiveness can be judged, and for the lessons that emerge to be incorporated into the framing and conduct of industrial policy. Otherwise, industrial policy will remain at the mercy of whatever political fashion happens, from time to time, to hold sway.

Colin Jones

Need to stimulate investment

DEBATE ABOUT the adequacy of finance to back British industry's investment in modern productive equipment has intensified lately, unstilled by such major new initiatives to generate funds as Finance for Industry's £1bn. medium-term loan facility and the so-called "equity bank."

The starting point for the discussions, in political as well as financial circles, has been the alarmingly sluggish trend of capital outlays on the plant and machinery widely recognised as essential to form the basis of the country's future economic prosperity. Such investment by manufacturing companies fell last year by some 13 per cent., and is estimated to decline by a further 5 per cent. in 1976 before picking up to show an upturn of 15 per cent. in 1977 compared with this year.

Causes of the lack of buoyancy in building up industry's physical capital are not easily identified, nor can one always distinguish between the reasons for manufacturers' reluctance to invest as a matter of policy on the one hand, and any problems about finding the necessary cash to finance desired expansion on the other.

Fortunately, enough attention has been focused on the problem in the last 18 months to have generated fresh remedial measures, not only the two new instruments referred to above for channelling finance, but a considerably more mellow attitude on the part of the Labour Government to the needs of companies. Even so, despite such moves, the investment situation is as yet very far from satisfactory, and nothing like a consensus exists on the best methods of improving the situation.

Views as to the desirable means of coercing or coaxing more resources into investment to remedy the capital equipment scarcity vary extensively. They range from backing for nationalisation of industrial or financial enterprises or direction of cash investment by such institutions as insurance groups and pension funds at one end of the political spectrum to support for yet further tax and other incentives for companies at the other.

Quite a persuasive case can be made for saying that shortage of finance has nothing to do with the drab trend of capital investment and that companies' reluctance to embark on new expansion has been due to the lack of profitable prospects in conditions of recession, inflation and political uncertainty. On this reasoning, restoration of greater economic activity, control of inflation and the creation of a political climate of greater assurance and stability for the corporate sector would contribute importantly to ameliorating the situation.

Certainly, the present Government, after a rigorous attitude towards the corporate sector throughout most of 1974, was moved by the cash crisis of companies and the stock market late that year towards a much more helpful attitude. Tax and credit measures were eased in November 1974 and in the 1976 Budget tax relief on stock appreciation was continued in an apparently more enduring way, in the interests of encouraging stability of companies' trading and investment environment.

Conducive

Official policies of fostering a gradual export-led recovery from the recession and curbing inflation have also helped to create a climate more conducive to capital investment, while major Government assistance has been provided to back expansion directly in low-employment regions.

Unfortunately, there is a good deal of evidence that these measures are not enough and that one of the key brakes on capital investment is uncertainty about the future economic, inflationary and political environment and—above all—about prospects for adequate profitability.

For instance, a recent article in the Bank of England Quarterly Bulletin has suggested that the real cost of capital—measured in a way taking account of both equity and loan capital, and stripping out effects of inflation—has risen from 3.8 per cent. in 1969 to 5.9 per cent. last year. Moreover, much of this recent rise in the real cost of capital has coincided with a fall in profitability, a combination which, coupled with uncertainty on future profitability, goes far to account for slack investment trends.

Discouraging as the current environment for investment may be in some ways there are still, however, obviously profitable opportunities for industrial investment in many industries and companies, and there will be more as economic recovery quickens. The question of adequacy of finance for it is thus clearly a crucial one, and has gained some further importance in recent years with the shrinkage in companies' own earnings as a source of ploughed back profits to finance investment.

The classically accepted view is that there is no shortage of capital to finance investment schemes which deserve backing. This was enunciated a year ago by the City Capital Markets Committee, composed of a range of senior experts. "The members of this committee know of no case in the past 10 years, with the possible exception of the crisis period from the autumn of 1973 to the autumn of 1974, where worthwhile investment projects have been held up because City institutions have refused funds. The small business sector is financed in a rather different way, but in general terms the same applies," said its report.

Recognition that there could be gaps has, however, led to the creation of two new financing sources in the past 18 months. In the first place, Finance for Industry, which is backed by the big banks, set up a £1bn. facility to provide medium-term loans to companies. The idea originated from a suggestion by Mr. Harold Lever, Chancellor of the Duchy of Lancaster, at the end of 1974, when the corporate sector's cash famine was at its worst, before Government remedial tax and other measures had eased the situation.

Experience so far has not shown that there is any overwhelming demand for the facility, whose usefulness after such a limited period cannot yet be fully assessed. Compared with the £1bn. originally expected to be lent in the first two years, only £100m. has been advanced in three-quarters of that time and another £100m. promised to borrowers. One of the deterrents to use of the facility may be the cost which, on a fixed interest basis over, say, seven to ten years, is 15-15½ per cent., while the alternative of a variable rate is at 2½ per cent. over inter-bank rate.

The next new financing venture is the City's controversial "equity bank," Equity Capital for Industry, which is just being set up. Backed by the majority, but by no means all, of the long-term investing institutions such as insurance companies, pension funds, investment and unit trusts, as well by Finance for Industry, it seeks to channel share capital (as distinct from loans) to companies unable to raise it on the market. The split of view among the institutions, which have put up £40½m. out of the £50m. share capital offered by ECI itself, reflects differences whether there is a real category of cases of companies which have deserving capital projects and yet cannot get fresh equity capital from other sources.

Undoubtedly the most major source of new cash for companies since early last year has *been the resumption of money-*raising rights issues by companies to their own share holders on favourable terms.

An unprecedentedly large flow of some £2bn. has been raised in this way since February last year. Not the least of the factors making for such success has been the Treasury's willingness to encourage the trend—in the interests of promoting capital investment—by allowing companies making the issues to raise their dividends by substantially more than the 10 per cent. a year normally permitted.

One of the most interesting aspects of finance for industry at present concerns the shift by the banks towards making more medium-term loans available, thus assuring companies of the cash over five-seven years. Traditionally, bank overdraft finance has been liable, in principle at least, to be called back at short notice. The big banks now have some £2.75bn. on loan to industry medium-term, a figure which is a quarter of all industry's bank borrowing, excluding finance on special terms for exports and shipbuilding.

There is some pressure at present for the banks to lend more still readily to industry, particularly engineering, and with more expert knowledge of manufacturing customers. One idea, raised by Mr. Denis Healey, the Chancellor, in this year's Budget, and now being *considered, is that of encourag-*ing the banks to lend more medium-term to industry by guaranteeing that they, for their part, can cash their loans, if necessary by swopping them for money from the Bank of England. This scheme does, however, pose the problem that it could effectively involve a further cash call on the already heavily burdened total of public expenditure.

Any idea that the Government might back the nationalisation of the banks and insurance companies to control their operations as sources of finance has been firmly denied by Mr. Lever who recently said there were no plans for such moves—although there is support for them in the Labour Party itself.

Radical

A far-reaching radical plan to tackle the investment shortage by a new system which would place handicaps on companies which did not invest, and give incentives to those which did, has been outlined by Mr. John Hughes, Vice-Principal of Ruskin College, Oxford. In a Fabian Society pamphlet, "Funds for Investment" he described a method under which certain cash accruing to companies from depreciation money set aside, and/or profits, would be channelled into a blocked account, to be released only for approved investment.

This type of approach could be considered, by standards of present practice, somewhat revolutionary and in the nature of an emergency response to the investment inadequacy. Nonetheless the City is becoming increasingly aware that if it, together with industry, does not in some way see that capital investment is lifted to appropriate levels, such radical methods of tackling the problem will be increasingly discussed.

Margaret Reid

Euromarkets borrowing

N 1974, Britain had effectively inanced its balance of payments leficit by borrowing either rom foreign banks or on oreign capital markets, while rivate sector companies had aised significant amounts with n the limits of general market onditions. Last year, the inter ational capital markets were of egligible importance as sources f medium and long-term nance to private and public ector borrowers alike.

This was not because the nternational capital markets ried up; on the contrary. The nternational bond markets, hich had been operating at est at half-throttle since early 973, recovered to the extent of roducing a record volume of ew issues last year. The olume of medium-term lending y banks was less than in 974—but the 1974 figures had een distorted by a few very arge loans (notably Britain's wn $2.5bn. borrowing) and the evel of lending was considerbly higher than in the second alf of 1974.

Placed

Yet, excluding the last ranche of the Treasury's $2.5bn. nancing which although rranged early 1974 was not aken up until last year, the ublic sector raised the equialent of under £200m from nternational capital markets ast year, and much of this is hought to have been probably laced in the Middle East.

U.K. private sector companies aised less than £80m., equivaent on the international bond markets last year, while they orrowed under £200m. equivaent abroad directly.

These figures are Bank of England estimates, as set out in its annual "Inventory of U.K. External Assets and Liabilities, End—1975" in the June issue of the Quarterly Bulletin. When looked at from the market end the picture is the same—low volume of borrowing both on the international bond markets and from banks; both by public and private sector institutions.

The extent to which British private and public sector institutions might have wanted to tap external sources of medium and long-term finance last year is academic. For in a year when Britain had the highest inflation rate of any industrialised country, a year characterised by lurid descriptions of feckless Britain in foreign newspapers, neither commercial banks nor investors were prepared to increase their already substantial lending to the U.K.

The best indication of the unacceptibility of British credit overseas last year is a negative one. Unlike many foreign Governments faced with balance of payments financing problems, the British Government made no attempt to raise funds on the U.S. capital market. Reports circulated in the markets that the reason for this was not that the Government did not wish to raise funds in New York; rather was it said to be because initial feelers had revealed that Britain would be given a less than triple-A credit rating. The reports were never officially confirmed or denied. But the important thing in any case was that they were believed to be true.

Whether or not a different view would prevail now is an open question. However, there is no doubt that the view of Britain in international banking financial circles has changed markedly this year. The size of the public sector deficit continues to be criticised, while the slightest indication that the trade unions might not endorse a period of more stringent wage restraint spread alarm. But this does not alter the fact that, given a Government guarantee, British public sector borrowers can again raise medium-term funds from foreign commercial banks at more or less prime rates while British companies are beginning to be able to tap the international bond markets again.

Rating

The test of foreign commercial banks' attitudes to British public sector credit came in May with the arrangement of the first such financing since 1974. This was a $200m. five-year bank loan for the Post Office (under Government guarantee). As is usual with medium-term Euromarket loans the interest rate was set at a margin above inter-bank rates. In this case the margin was 1½ per cent. which, in view of the slender fees reportedly paid the borrower, was felt to re-establish Britain's credit rating among international banks.

A significant feature of the loan was the fact that no major British banks were involved.

The fact that Electricité de France (EDF) managed to arrange a much larger Euromarket financing at a lower margin over inter-bank rates and for a longer maturity was hardly felt to invalidate the argument that the Post Office loan re-established Britain's Euromarket borrowing capacity: the EDF loan was a standby credit to back commercial paper issues on the New York market rather than a loan. It did, however, raise the question of whether a British public sector entity could issue commercial paper successfully in New York.

The $200m. Post Office financing is now being followed up by another five-year loan, this time $300m. for the National Water Council. There seems little doubt that there will be substantial additions this year to the volume of Britain's sector Euromarket debt, which had already built up to $9.5bn. by last March.

The international bond markets are currently being tested by Bowater which has a $30m. ten-year issue in the course of being placed. This is the first public dollar Eurobond issue by a British private sector company (other than the banks, which are in a highly specialised position) since 1974.

Just as the Post Office's $200m. financing was a barometer for international banks' attitudes to British Government credit, so the Bowater issue is likely to give indications of the extent to which international investors have reassessed their attitude to British private sector credit standing.

The final terms of the issue and the details of its reception have still to emerge. One point, however, is unquestioned and that is that issues by British companies are more likely to do well if the company involved earns substantial portions of its profits from operations outside the U.K. In this context it is worth recalling that Bowater earned over 90 per cent. of its profits abroad last year.

Mary Campbell

H.P. and other facilities

ANY DECISION by a company about whether it buys a particular asset on hire purchase or opts for a leasing arrangement is usually based entirely on that company's tax position.

With hire purchase, although the company really only gets ownership of the asset when the final instalment has been paid, as far as the tax laws are concerned the asset is acquired as soon as the down payment is made. So the company can, if it is eligible, claim for the whole of the allowances on the asset as if it had been bought outright for cash.

At the time time, if the asset qualifies for a regional development grant, that would be paid in full. And as the final "sweetener," the interest element paid under a hire purchase contract is allowable against earnings before tax.

There are big differences involved in a leasing contract. The lessor is the owner and remains so even when the contract comes to an end. So it is the lessor who is eligible for both capital allowances and regional development grants. (This is taken into account, of course, when the terms are arranged.) The user company, while not being able to claim allowances or grants, can treat all rentals as a trading expense and deduct them from earnings before arriving at "taxable profit" on the balance sheet.

So, if the company needing the asset can take immediate advantage of the capital allowances available, then it will do better to choose hire purchase. But if the company is short on taxable profits then it will pay it to lease instead—always providing that the leasing company is in a position to claim the allowances and pass on the benefits in the leasing terms. In this context, a company has to take account of its taxable profits not only for the present financial year but also for the three previous years because it is allowed to "carry back" the unused first-year allowances for that period.

These types of medium-term credit—hire purchase and leasing—are meat and drink to the finance houses. Those finance houses which operate in the non-consumer market generally offer a very full range of facilities including hire purchase, loan, lease, contract hire and simple hire. Normally they will have branches scattered round the country whose staff have specialist knowledge of the needs of industry and commerce.

A few of the major companies include factoring among their operations but this is more usually offered by specialist companies. There is also specialisation among leasing companies, either in the goods they offer or the value of the individual contract. Some prefer a numerically big portfolio of contracts covering goods costing up to, say, £12,000, and others a numerically small portfolio of high-cost items, perhaps £100,000 or more.

There are companies which finance only computers, some which finance only ships and others which finance only aircraft. Some specialise in vehicles, some in agricultural equipment, others in office machinery, yet others are linked to a particular supplier of goods like industrial lift trucks.

NEW INSTALMENT CREDIT

(£m.—seasonally adjusted)	1976 1st qtr.	1975 4th qtr.	1975 3rd qtr.	1975 2nd qtr.	1975 1st qtr.	1974 1st qtr.	1973 1st qtr.
Private cars—new	66	37	64	61	57	39	93
Private cars—used	94	81	80	87	78	53	104
Commercial vehicles	55	50	48	46	45	38	51
Motor cycles	11	10	11	10	10	7	8
Caravans	8	7	7	8	8	6	8
Farm equipment and tractors	5	5	5	5	4	3	4
Industrial and building plant and equipment	47	43	42	45	43	37	38
Household goods	14	12	11	13	10	11	20
Other goods	43	38	35	34	31	38	70
Total new credit extended by finance houses	343	303	303	309	286	232	396

Source: Department of Industry.

What kind of customer will the finance houses consider? According to United Dominions Trust, the answer is: "Any creditworthy business, be it sole trader, partnership, private company, public company, local authority, government department or nationalised industry."

By "creditworthy" two things are meant. First, that the potential borrower has a track record of sound trading, good management and a balanced capital structure; secondly, that the investment to be financed entails a commitment which is within the borrower's capacity to repay—in other words, that he has done his sums before coming to a decision to invest.

Agreement

As UDT points out in its leaflet: "Industrial Investment and the Finance House," any item which is not expendable in the short term can be made the subject of an agreement. This includes everything from a typewriter to a computer, a salesman's car to a heavy commercial vehicle, a machine tool to a complete production line.

The only restrictions are that the goods should be easily identifiable (that is, not components of a larger installation or part of a stock of unidentifiable spare parts); have a useful working life, at least as long as the period of the agreement; can be freely sold and have a high earning potential, either direct or indirect.

Apart from hire purchase and leasing, the finance houses also offer contract hire and other forms of renting which are only variations of leasing. Contract hire is a specialised facility, mainly used for vehicles, in which the user pays only the pre-calculated depreciation during the fixed hiring period. It frequently includes the provision of maintenance, servicing, repairs and replacement vehicles, and may even include the provision of the driver and fuel.

Short- and medium-term loans are sometimes offered as an alternative to hire purchase by the finance houses when the asset involved is not easily reclaimable—such as a sprinkler system or air-conditioning unit.

In this case the security in a resaleable asset is replaced by security in a creditworthy borrower. In some instances additional security may be required by the finance house—perhaps a charge against the lease of the factory in which the equipment is to be installed. Terms offered on loans are very similar to those for hire-purchase and, for taxation and grant purposes, the borrower is treated as the legal owner because that is exactly what he is.

There are some similarities between hire-purchase and leasing. For example, the period of the contract is similar, the amount of down-payment looked for will be about the same and will be represented by the down payment in hire-purchase and the number of rentals in advance in a lease.

Both methods also offer the borrower extremely flexible terms. There can be seasonal payments of a type which, for example, would suit a farmer paying for a combine harvester which generates large earnings when the crops are sold but nothing for the rest of the year. There are "skip" payments for the contractor who knows from experience that he will be unable to operate his plant in the winter months.

There are accelerated payments for those who would like to make large payments at the beginning of a contract and decelerated payments for those who would like to pay only a little at the beginning.

The finance houses do not get involved very deeply in factoring because they view it not so much as a method of providing medium-term capital but rather as a way that a company can protect its working capital.

The main function of the factoring company is for it to ta over the accountancy chore clients, making sure t debtors pay on time and eli nating the need for an accou department. It also insure client against bad debts. addition, a client can buy financial service from factor where the fac will forward a high percent (up to 80 per cent) of money a client is owed by cu mers whenever the cl requires it after the factor received the invoice.

Attractive

This is obviously the kin service which the small medium-sized companies we find particularly attractive. is also the kind of service wl needs a deal of financial mu behind the factor, and this plains why most of the m factoring companies are ow by either clearing banks or chant banks.

The factors themselves to be somewhat choosy a the clients they take on, loo particularly for companie expanding businesses. They to have a steady flow of inv of around the same sums. obviously have to know s thing about the financial tion of their clients, in the way that the finance houses make detailed inquiries any company looking for a purchase or leasing cont

Factoring is taking some to establish itself in the but any company which bel it might run into the kin cash-flow constraints it ex enced during the last boo demand as industrial rec develops this time, might g thought to this method of ting a really experie accountancy-financial se behind it.

Kenneth Gooc
Industrial Correspo

The State corporations

THE TURN-ROUND in the financial position of the main nationalised industries since the Government signalled the end of compulsory price restraint some two years ago has been substantial. On present reckoning the whole nationalised sector should be able to finance from its own internal resources between about a third and two-fifths of its total capital commitments during the current financial year.

If one excludes the British National Oil Corporation (BNOC), which as yet has little income of its own to match its commitments, and the State-owned transport businesses such as British Rail, the National Bus Company and the National Freight Corporation, which are all for one reason or another special cases at the present time, the prospective rate of self-financing by the remainder looks like being about 50 per cent.

There is room for more than one view about the appropriate level of internal financing of new investment by State-owned industries. Should the cost of servicing the finance needed to pay for capacity expansion and modernisation be left to an industry's customers during the period that the new capacity is used or should a substantial proportion of the money be provided in advance by charging higher prices to existing users?

Peculiar

One must have some regard, on the one hand, for the peculiar capital structure of the nationalised industries—or at least most of them. Apart from the steel and airways corporations, which have part of their capital in the form of quasi-equity "public dividend capital," they are all saddled with a fixed interest capital debt, notwithstanding their ostensible commercial orientation.

Because of the past low rate of self-financing of new capital expenditure and because, too, tranches of existing debt are constantly reaching maturity, the burden of debt servicing is now substantial. Indeed, the cost of capital in the nationalised sector is now probably higher than in the private sector.

On the other hand, one must have an eye for what the market will bear. Too high a degree of self-financing of new capital expenditure — or too rapid a move towards a higher rate of self-financing — can dampen demand as well as have wider economic repercussions. The Post Office, British Rail, and the nationalised fuel corporations have all run up against consumer price resistance in the past year or so. By the same token, regard must also be paid to the state of the economic cycle. It may be easier to get away with price increases at the height of a boom than at the bottom of a recession.

Either way, the 30 per cent. or so rate of internal financing of capital spending which the coal, gas, electricity, and steel industries and the Post Office are expected to achieve in the current financial year compares well historically. The only period when a higher degree of self-financing was achieved was during the early to mid-1960s, after target rates of financial return had been first introduced (principally because of Treasury concern about the industries' low rate of internal financing in the 1950s) and before price restraint became a fashionable ministerial ploy.

It is true that price restraint during the early 1970s was matched by a measure of Government compensation. At one time compensation payments were running at the rate of substantially more than £1bn. a year. But the compensation never really bridged the gap. In the first place, price restraint served to sustain an artificially high level of demand which—depending upon the lead times for new investment in each industry — meant that the nationalised industries had to prepare to cater for an unrealistically high level of future demand, and thus to borrow yet more, and service those extra borrowings, to finance the capacity to meet the additional demand.

Secondly, compensation was never full in the narrow accounting sense. The Government merely undertook to relieve the industries of the deficits they incurred on their profit and loss accounts during the period of price restraint. The total amount of revenue they forwent as a result of price restraint may have been difficult to calculate with precision. But it was far more than the amount of compensation that was paid. The profits that were forfeited have never been made good and never will be.

Compensation was limited to a form of deficit financing. The profits that price restraint denied the industries have had to be made good by increased borrowings and thus by assuming an even higher level of debt servicing than the industries' commercial situation would, in the absence of price restraint, have warranted.

It is also true that the return to commercial rectitude will be helped in part by the present levelling off in total investment spending in the nationalised sector. Partly because of the restraint now being imposed on total public sector expenditure and partly because the lower demand forecasts brought about the fairly rapid return to a more commercial level of pricing, total nationalised industry investment is currently expected to remain at the level of about £2.8bn. to £2.9bn. a year (at 1975 survey prices) for the next three years.

This is excluding the embryonic aircraft and shipbuilding corporations (whose birth is not yet assured) and BNOC, whose capital commitments cannot yet be predicted. It also excludes the effects of the counter-cyclical stock-piling which has been taking place in the coal and steel industries. But in the rest of the nationalised sector, a growing programme of investment in the coal and steel industries will be more or less offset by reductions elsewhere.

Measure

The end of artificial price restraint and the restoration of a more satisfactory degree of self-financing of new investment is welcome. But it is, in a very real sense, only the first step towards "normalising" Government-nationalised industry relations. The measures taken last year, again on Treasury initiative, to give the nationalised industries—and their suppliers—a measure of greater certainty about their forward capital programmes for three to four years ahead and to complete the review of their capital programmes a little earlier in the annual PESC cycle are also useful in so far as they go.

Likewise, one might expect these steps to be followed up by the restoration of target rates of return, by the return of the idea that pricing policies in the nationalised sector should be based upon long-run marginal costs, and—possibly—even by the general acceptance of the idea that should Governments desire the industries to pursue "social objectives" that cut across their main commercial remit, then the cost of doing so will be separately accounted for and matched by specific financial compensation.

But while these further changes may all be intrinsically worth while, they will not by themselves be sufficient to reduce ministerial intervention — intervention which is both debilitating to the nationalised industries and destabilising for their suppliers, customers, and the economy at large.

The trouble is partly th have never really decided nation what nationalisati for: originally, the move to nationalisation was mo reaction against the motive than a positive st favour of something else. trouble is also partly that the fact that the nation industries are there and they are both major emp and major suppliers of go services used by the p Ministers will always be te to intervene in response or another passing po pressure.

The most that one car haps hope for is some Queensberry rules or som ter system of checks balances than presently ex regularise and possibly lim extent of Ministerial int tion. This is something NEDO has been looking into during the past Whether its forthcoming will help to bring abou desired change of attitu another matter, however.

Colin J

Central role for the institutions

THE INVESTING institutions have inevitably been at the centre of the debate on the adequacy of long-term capital for industry, since their role as investors with a lengthy perspective neatly matches industry's need for long-term finance.

Handling funds running into many billions of pounds, these insurance, pension and other funds are so crucial a source of financial backing for companies that they are recurrently the subject of demands that they ought to come under greater public control to ensure that their investment more fully assists meritorious industrial expansion.

On the other hand, the institutions, while claiming that they play a large part in doing just this, also argue that their prime obligation is to those for whose savings they are effectively trustees and that this inhibits them from financing ventures not conforming with proper standards of safety and profitability.

The recent sharp controversy over the City's new "equity bank" — Equity Capital for Industry—has mirrored many of the opposing arguments on this point. Equity Capital, whose aim is to channel funds to companies unable to raise it on the market, can be seen as a gesture towards satisfying criticism that the institutions are still not doing enough to back industry's re-equipment and growth.

There is no doubt that the institutions play a key role in provision of long-term finance and that, as the importance of the wealthy personal investor has declined relatively, their significance in this role has increased. It is now common to find insurance companies, pension funds, unit trusts and investment trusts accounting for half or more of all the shares in large companies, though the impossibility of identifying the source of nominee holdings makes it difficult to know precise proportions.

The life insurance and pension funds, which collect the savings of millions of policy-holders and employees, particularly need long-term outlets for their funds to match commitments years ahead. This does not mean that all investments, once made, are allowed to stay put indefinitely — there is monitoring of performance and sometimes change — but the accent of their investment is long-term.

The unit trusts and investment trusts, though often keeping holdings for a considerable time, are more inclined to manage portfolios actively, though not invariably more successfully than the slower moving larger institutions.

By no means all the investment of the institutions is in the securities of industrial companies, though a considerable percentage is. This proportion was probably boosted beyond what it would otherwise have been by the unprecedented flow of cash-raising rights issues to shareholders, through which £1.2bn. was raised last year, and which is still continuing.

Illusion

Much institutional investment goes into Government bonds (gilt-edged), where money yields have been very attractive in recent inflationary years, and over the past decade there has been, if anything, a more marked trend towards investment in mortgages and joint ventures with property entrepreneurs. In the phase preceding the secondary banking crisis from 1973-74, the institutions did not prove more immune than anybody else to the illusion that property values could only rise —and a number painfully discovered that what goes up must come down.

One of the features of the institutions' investment policy which has given rise to criticism in some Labour circles is its variability from year to year as between one type of outlet and another. The defence advanced for this is that managers must put their funds into what is, at any time, the most advantageous investment; against this, though, it is sometimes argued on the Labour Party side that, on national grounds, a more assured flow in given directions would be desirable.

How investment is spread, and can vary, is shown by official statistics demonstrating that, of £2.37bn. net investment by insurance companies in 1975, £1.6bn. went into gilt-edged stocks (against only £115m. in 1974), and that £339m. was placed in ordinary shares, compared with only £11m. the previous year. On the other hand, there was net disinvestment of £311m. out of short-term assets which, in the uncertain year of 1974, had taken no less than £868m. of insurance funds. (A considerable range of other outlays and adjustments of holdings made up the £2.37bn. total.)

Undoubtedly, 1974 was a year of exceptional uncertainty in the stock market, where share prices showed dramatic tumbles. Yet the swing from insurance companies' investment in shares from £11m. to £339m. in 1975—the latter's year's figure doubtless encouraged by rights issues —was sharp by any standards.

Pension funds, notable backers too of companies through rights issues last year, also exhibited a marked swing of investment in ordinary shares of companies from £254m. in 1974 to £1.2bn. in 1975.

It was partly the scarcity of institutional finance for cash-starved companies—a famine for which over-rigorous Government policies towards company taxation between March and November 1974 must take much responsibility—that led to some major financing initiatives in 1974-75 which have borne fruit in creation of new institutional bodies.

One is the £1bn. medium-term loan facility launched by the bank-backed Finance for Industry, itself the present institutional framework embracing other ventures dating from 30 years ago, including Industrial and Commercial Finance Corporation, which finances and nurses growing smaller companies with equity and other capital.

Because of the great relaxation in the cash squeeze on companies since 1974, the £1bn. has been relatively little drawn on so far—only to the extent of some £100m. However, in conditions of renewed market uncertainty and cash stringency, it could come more fully into its own. Although owned by the banks, FFI would then certainly hope to tap the resources of the long-term investing institutions through subscriptions to any further money-raising loan stock issues it might make to finance its activities.

Reluctance

Equity Capital for Industry is being launched on the world after a lengthy and troubled period of creation, and with a very modest capital. The reluctance of a good many of its intended institutional sponsors, particularly Scottish insurance concerns, derived from real doubt whether there was any "gap" of the kind it is designed to fill, namely the requirements of companies with sound long-term prospects unable to raise new share capital through existing channels.

In the event, Equity Capital which is headed by industrialist Lord Plowden, has attracted an adequate subscription of over £40m. out of the £50m. share capital which was offered to insurance companies, pension funds, unit trusts, investment trusts and Finance for Industry. This compares with the total of as much as £500m. thought of in the earlier stages of the project's planning. Now, it will be seen over the next few years whether there is a genuine role for it to perform.

Lord Plowden has stressed that Equity Capital will not back lame ducks, and that it will expect a commercial return—though it is recognised that this may be delayed in a number of instances. Investments appear likely to be typically in the range of around £1m.; examples of deserving cases would be companies going through a temporarily sticky patch or which cannot raise cash through rights issues because their shares stand below par or their immediate prospects do not allow of an adequately encouraging forecast for the coming year.

Equity Capital is likely to work closely with Finance for Industry, which in turn makes its own judgments on its own lending propositions after consultation with the banks. Its high-powered Board — its directors include leading industrialists as well as Lord Plowden, and prominent institutional representatives — must be one assurance of the quality of its operation. It is somewhat unfortunate, however, that it has had to be launched without a chief executive, a post for which the right candidate is still being sought.

A good deal of controversy has surrounded Equity Capital's possible secondary "support" role of assisting companies to improve the quality of their management. Traditionally, British financial institutions what are in many ways their counterparts in Germany, as holders of industrial shares, have—unlike the banks—been highly reluctant to intervene in the management of companies in which they own shares. The theory has been that industrial managers manage and that institutional investors, if they really violently disapprove of a management, can vote with their feet and get out.

In practice, it is difficult for a large institutional shareholder to opt out in this way: for one thing, selling out tends further to erode confidence in the company in question when it becomes known. One or two get-togethers of institutions in particular cases, to nudge managements into change or to make their views about possible developments known, have been seen in recent years—Vickers and Rank Organisation are instances of where discreet behind-the-scenes representations were made.

In 1972, the then Governor of the Bank of England, Lord O'Brien, set up the Institutional Shareholders Committee as a channel for watchfulness and representations in appropriate cases, but it has not been notably active.

There is now some idea that in due course Equity Capital might take on some such role, though, it appears, in the longer term and after a slow and experimental start. According to its prospectus: "Institutions, either individually or collectively, may from time to time seek (its) advice in relation to companies in which they have invested and if sought (Equity Capital) will consider the provision of assistance." Lord Plowden has said that the new body will not have any extreme activist role, nor is it to supersede the Institutional Shareholders' Committee.

One of the points its sponsors stress is that Equity Capital is a creation of the private sector, and not to be compared with the State-backed National Enterprise Board. The City is, however, extremely conscious that, should it fail in its new venture, the case for an enlargement of the NEB's functions and scope could well be strengthened.

Margaret Reid

Increased involvement by clearing banks

HE IMPORTANCE attached to edium-term lending by the nks was underlined by Mr. nis Healey in his Budget eech this year when he put rward new ideas for ensuring continued availability of s kind of finance. The talks this subject going on between clearing banks and the Bank England have not, it is true, ched any conclusion yet. The sent depressed level of instrial demand for bank fine has not imposed any imdiate urgency in the discusns, and even the most imnent bankers are not expect- any real problems in this a to develop at least until t year when the economic overy gathers pace.

Criticism

Nevertheless, the banks have ady increased substantially ir involvement in lending for iods, normally of up to seven rs, which are well beyond traditional short-term overft finance. The recent wideead criticism and debate r the City's role in providfinance for industry has pro- d a spur for the banks to elop the range of their vities and to draw attention he moves they have already le.

he U.K. clearing banks still w the line at moving on any e into equity funding for istry, in contrast with the ern in countries such as W. many which have been held as examples by the critics of U.K. system. But they have cated that they are pre- d to take a longer term view their involvement with intrial and commercial omers.

he scale of the development ned.um-term loans has been hasised both by the banks nselves and by the British iorities. Mr. Deryk Weyer, or general manager of Bar- s (which has been among most prominent of the banks publicising these activities) rmed earlier this year that the end of 1975 the bank's ium-term lending in the had reached over £400m. that manufacturing industry taking a quarter of its borngs in this form. Including special export finance total term lending to U.K. industry amounted to nearly £1bn.

Similarly, it has been stated by Treasury officials that the banks had made firm commitments to lend £2.75bn. on medium term, compared with only £1.5bn. a year earlier; and even though only half of this total might actually have been lent, it was estimated that term loans might account for about a quarter of total bank lending to industry.

These figures are undeniably quite impressive in a period when the level of demand for bank finance generally has been low. The latest figures from the Bank of England show that over the year to mid-May total bank lending to manufacturing industry dropped by £533m. after taking out the effect of the fall in the value of the pound in inflating the sterling equivalent of foreign currency loans.

In the past couple of months, there has been some indication of a revival of demand, with an underlying increase in sterling loans to the private sector estimated at around £500m. in the quarter to mid-May. But it is thought that this owed a good deal to the impact of the fall in sterling as companies attempted to protect themselves against its loss of value through the "leads and lags" over the exchange market—postponing receipts of foreign currency and thus requiring increased short-term finance.

Bankers are still hesitant about suggesting that the rise reflects a genuine recovery in industrial demand for credit as a result of increasing confidence and economic recovery. They still feel generally that the real improvement is not likely to come much before the end of this year. At the same time, however, it is felt necessary to ensure that when industry does need substantially larger funds to support renewed investment, the banks should be able to meet the demand. One problem then could be that the further growth of medium-term lending might be inhibited by the banks' own reliance on mainly short-term deposits and the difficulty of acquiring substantial amounts of medium-term funds.

Because of the structure of their own deposit funds, the banks find it impossible to do more than a small proportion of their medium-term loans on fixed interest rates: the bulk is provided on variable rates, protecting them against the danger of sharp movements in the cost of their money. And it is argued that a further increase in medium-term lending could bring the banks to the point where their own prudential considerations — the need to maintain appropriate relationships between the terms of their borrowing and lending —could prevent them from meeting demand.

The Chancellor's suggestion was that if such a possibility arose it might be possible to arrange for a proportion of medium-term lending to be taken off the banks' books through re-financing by the Bank of England. The issue is being looked at in the context of the talks with the clearing banks over the implementation of prudential controls.

Incentive

It is not clear yet whether the problem will become serious, and it is certainly not urgent at present. The banks have ample scope for increasing their lending generally and particularly for raising further the proportion provided on medium-term. Their incentive to undertake further development in this area arises partly from a recognition of its value as a marketing instrument in getting closer to industry in the context of the wider extension of banking services.

The trend towards medium-term is not new. The banks have for some years been moving towards establishing their lending on what, from their point of view, is a more rational basis. Industry has in the past relied heavily on traditional overdraft finance, and in some sectors these nominally-short-term loans have in effect become a substantial source of permanent capital.

The banks argue that overdrafts should have a more limited role. As a flexible and relatively cheap form of finance they are eminently suitable to meet the needs of industry, for example, to support the maintenance of stocks and work-in-progress or for seasonal requirements in agriculture. But the banks have been working for some time to reduce the element of "hard-core" lending to industry and replace it with more appropriate finance.

As Mr. Weyer admitted, this normally means that industry will have to pay a higher interest rate than if it relied on overdrafts. But "we can no longer allow overdrafts to run on for years with a hard-core at short-term rates which are, and always will be, lower than medium- and long-term rates."

The banks' operations in medium-term lending have also to be seen against the background of their wider development. The big clearing banks now offer their customers a more or less comprehensive range of financial and advisory service. These include, as well as overdrafts and medium-term funds, more specialised types of finance such as hire-purchase, leasing and factoring services. At the same time, the big clearing banks are all developing their merchant banking activities, offering growing competition for the independent merchant banks in areas such as new issue business and merger advice.

The trend in the clearing banks is increasingly towards a close involvement with the financial planning of their corporate customers, both through the branch manager and through specialists in various areas. If they are to commit themselves to medium-term finance it is in any case inevitable that this should involve a rather more searching assessment of the customer's financial forecasts and ability to repay.

Loans can be tailored to meet individual needs — where, for example, funds are being provided to support a new development of plant or machinery a bank may allow a period of, say, two years before repayments are required to begin in order to give time for the investment to start producing income. And increasingly medium-term lending is being provided as part of a package which may include other types of finance, with the bank playing a significant role in advising the client on the methods of meeting his financial requirements.

Michael Blanden

Merchant banks awaiting upturn

THIS WEEK heralded one of the most cheerful pieces of news in a long while for the merchant banking community so far as its involvement in providing long-term finance is concerned. It was the public flotation of William Leech (Builders) a housebuilding concern based in Newcastle upon Tyne, with J. Henry Schroder Wagg as sponsors. The application list for shares opened and closed yesterday. Although this is not the first new issue of shares this year—there was Wilson Walton Engineering in May but that turned out to be unsuccessful with a lot of shares being left with the underwriters—it does look to be the first major test of the stock market since the new issue market fell apart over 2½ years ago. There are known to be other issues in the pipeline, one being Thomas Borthwick and Sons, one of Britain's larger private companies and a major meat trading concern in Australia and New Zealand.

The significance of the new issue is perhaps far greater for the prospects of increased activity in the medium and long-term finance market than the rash of rights issues which gained momentum at the beginning of last year (after a faltering start in late 1974) and which saw companies raising a total of over £2bn. This is because the Leech and other flotations are entirely new equity and they are coming in an atmosphere of guarded optimism for an expanding industrial activity towards the end of the year.

If that expansion is realised, merchant banks will likely be much busier than they have been for some time in helping to provide various types of funds. And it is possible that they will be joined in this upturn of activity by the venture capital companies.

It has been a very quiet time for merchant banks and venture capital companies, perhaps particularly so for the latter during the past 18 months or so. This is because the very nature of a venture capital company requires that business confidence generally be sufficient to encourage the established small company or the entrepreneur to seek money to launch a new project or to expand the potential of an existing operation.

Apart from having had little to do in the long-term finance field, merchant banks have also experienced a downturn of business in areas of medium-term finance which featured strongly in the last bull market around 1971-73. This was the raising of debenture capital and various types of loan stock, secured or unsecured, convertible or not. Without a strong equity market any company trying to increase its borrowings by issuing a loan stock would not only have met with a cool reception by investors: the terms of any such loan would have proved exhorbitant for the company.

Eroded

Another depressed area of merchant bank involvement has been foreign capital borrowing for U.K. companies. Past attractions of this type of medium-term borrowing have been eroded by floating currency exchange rates which, if the "float" goes the wrong way—that is, sterling depreciates against the loan currency—can leave a company with a very costly type of funding which at the outset had been considerably cheaper. These days, foreign currency borrowings are more generally matched by foreign assets.

Nonetheless, there has continued to be what one merchant banker described as a "steady flow" of syndicated loans—although less than a year or two ago—both in sterling and other currencies. In this type of lending, the merchant bank—which invariably does not lend its own money—organises and devises methods of managing or co-managing such finance.

Then again there is now a feeling among many merchant bankers that after the recession and an inflationary period in which many manufacturing companies have found themselves with much higher borrowings to finance inflation hit stocks, that a re-appraisal of borrowings is now in order. Much of this stock inflation has been funded by the clearing banks on overdraft and the time is probably approaching or is now here when many companies will see it as expedient to identify how much of this short-term debt can be replaced by medium-term funds, or even long-term in the form of new equity capital.

Some work in this direction by way of a general "tidying up" of companies' finances appears to have been an activity of many of the merchant banks during the lull on major financing.

It is in the area of equity capital that the venture capital companies seek most of their investments. This means they are looking for good companies with good ideas which are short of funds for some particular project and where the companies' clearing banks have reached the end of the road on the limit of overdraft they will extend. Venture capital companies will, if they assess a company to be sound enough, provide that much needed funding.

Venture capital companies do not necessarily seek a shareholding—they may instead provide finance by way of a loan stock, which may or may not be convertible at a later date into equity. Then again, it may or may not be their policy to seek boardroom representation. These types of finance are provided where a small private company wants to establish a new product line, where tax considerations are uppermost in the company owner's mind or where a business is being started.

Policies

Given the trading conditions of the past two or three years, it is hardly surprising that companies have been reluctant to seek this sort of money, or that the venture capital companies themselves have been ultra-critical about where they will put money. Policies of venture capital companies vary — some may ultimately wish for capital appreciation on their investment by a public flotation of the company concerned, whereas there are one or two, particularly such as Gresham Trust, which aim at a continuing relationship with their investments and a return by way of yield.

Given that some venture companies are looking for return in the medium term by way of capital profit, the delay in such realisations caused by the collapse of the stock market is thought to have left one or two such groups in a difficult financial position. None, however, admits to being in any particular difficulty.

As to which are true venture capital companies — as against those which just dabble in the field—there is little real unified opinion. However, outside the Government or Bank of England sponsored organisations su the NRDC the TDC, and I (part of Finance for Indus some of the major ve capital companies would to be Gresham Trust, Mo Montagu Industrial Fi and the Charterhouse G with others such as Sm ness Capital Fund follo along. Most have been hav very quiet past 18 months Mr. Jack Laybourne, man. director of SBCF and Mr Baldock, managing direct Gresham, are hopeful o creased activity later in year.

Nicholas L

The new issue market

THANKS TO the staggering weight of rights issues, new funds raised in the Stock Exchange over the past 18 months have been at record levels. However, apart from the ability to issue further equity by way of rights there has been little opportunity for the corporate sector to raise medium to long-term funds by other favoured methods such as fixed debt or convertible issues or even the straight offer for sale.

This trend in fund raising can be clearly seen from the figures compiled by the Midland Bank. The amount of new money raised in 1975 by the issue of new securities totalled almost £2bn. compared with £583.8m. in 1975 and the previous peak of £1.1bn. in 1972. Of this amount in 1975 some £1.32bn. was made up by the issue of equities. This trend has been maintained in the current year with the total raised in the first five months coming out at £1.033bn., of which £735.5m. is in equities and only £78m. in fixed debt—the bulk of which was attributable to the Lasmo-Scot issue.

The rush to raise funds by way of rights issues has been more noticeable this year with one or two giant issues. Without a doubt the massive issue from ICI, raising some £200m., has made a significant impact on the total. Indeed, with the help of ICI the total raised in May hit an all-time record for one month at just over £393m.

The fact that some 86.3 per cent. of the ICI was taken up with the balance being placed with no apparent difficulty illustrated just what funds were available to the institutions for investment. After all, some £1.5bn. of stock had already been taken up in the previous 15 months or so.

However, the sheer weight of funds put into the market in a relatively short period must in turn put a question mark on the Stock Exchange's role as a source of finance for industry in the short term. Already there has been a noticeable increase in the discount that issues are having to be made on, while the success of a rights issue is no longer a foregone conclusion. Indeed, subscription levels have been dropping and J. Lyons issue only brought in 68.6 per cent, while for Wm. Mallinson the level of subscriptions was as low as 53 per cent.

Standstill

The market, of course, must also be having some impact, for the Financial Times Index is now standing near its low for the year, with activity at very low levels. Some indication of this virtual standstill in the market can be gauged by the 3,572 markings on the first day on the current account, compared with an average of 4,202 for the previous week—which in turn was the lowest for nearly a year.

With conditions in the market clearly getting tougher there might well be a move towards special packages on the lines of Bowring's in April, where the issue involved both equity and convertible stock.

Having said this, there still seems to be sufficient support for the right sort of issue even if it is not on a sizeable discount. The Lucas issue is a good example of this. The company came to the market at the end of April for £43m. with the issue being made at a discount of only 18 per cent. But Lucas is currently a trading success story both in the U.K. and overseas thanks mainly to its diesel interests, and return on capital here is currently running at about 20 per cent. With this sort of backing the issue was subscribed to the tune of 94 per cent.

From here on in, the flow of rights issues is certainly going to be s unless of course there sudden upsurge in the market. The bulk of the from now are bound to be designed to bump up th dend, together with th major issue; currently th speculation of a major from a clearing bank.

But overall there is more limited scope fo corporate sector to cash the rights "golden goose fact that the available have been absorbed in tively short period has no brought some criticism way the capital market i conducted.

Fashions

Only last week a pa produced by the Economic Finance and T Association stated that the funds raised by right over the past 18 month to companies that least it. Moreover, the pamph argues that because of ment fashions apparent market there had bee discrimination against m turing companies which has made it near impo equity funding for long

Given the favourable tions for rights issues ease with which they we floated it is small wond the fixed interest sec almost totally ignored. A the clearers reported medium type loans g general only represented ing from overdraft p and the trend in indus for a lower debt ratios.

Demand for fixed de recover over the next so on the back of the in the economic cy interest rates would come down quite subs before the trend would back to fixed debt as a *of financing expansion.*

Long-term interest would need to come about 10 to 11 per cent companies could s contemplate issuing lo stock. At the moment a company would need to debenture on a yield o cent. plus to get the i the ground while for a dated issue the coupo need to be around 14½ to 15 per cent.

Some indication problems of issuing stoc present market can from the experience of Scot. Some £75m. of u loan stock was issue coupon of 14 per cent. a part of a funding packa stock has fallen fr February issue level to where it is now yield 20 per cent. The po is that although th interest sector is sta stock, anything but a company would need very hefty yields.

So little recovery in can be expected fr sector in the short-te more encouraging si being seen in the offer area.

Admittedly the first for a number of years, Walton was left with the writers. There are bett for Leech, while ther number of other issues pipeline. With tradin tions, and indeed the ava of funds, moving again issues and little chan major upturn in corpora debt activity the Stock E must be hoping for a re offers for sale as a m stimulating interest onc

David V

|هكذا صار الأصل|

FARMING AND RAW MATERIALS

Soviet soya rumour lifts U.S. grains

By Our Commodities Staff

RUMOURS of a large purchase of U.S. soyabeans by the Soviet Union sent soya futures soaring in early dealings in Chicago yesterday.

Reports that the USSR may have bought 1m. to 1.5m. tonnes of soyabeans from U.S. exporters pushed soyabean and meal prices limit up and soyabean oil was nearly limit up at 20.58 cents a pound.

The excitement spilled over into the wheat and maize markets which in turn led to an all-round strengthening in other markets such as metals. Cotton futures also went limit up in New York as the market discounted the rise in acreage estimated earlier by the U.S. Department of Agriculture.

Nigeria plans raw materials re-organisation

By Our Own Correspondent

LAGOS, July 1.

NIGERIA HAS announced the establishment of seven commodity Boards to encourage production and organise marketing of the country's food and cash crops for local consumption and processing. "Gone are the days when the main aim of marketing boards was to market raw materials for the world market," Lt.-General Olusegun Obasanjo the Head of State said in a nationwide broadcast here.

"To-day the emphasis is on maximum benefit to the farmers and on satisfying home demands including the need to process our raw materials before export," he said.

General Obasanjo said under the new marketing Board reforms aimed at saving overhead costs and ensuring remunerative prices for farmers the commodity boards and a price-fixing authority will take over the functions of present State marketing boards and the Nigerian Produce Marketing Company by March next year.

The new institutions will operate on a nationwide basis and their headquarters will be located as near as possible to areas of greatest production of the major commodities.

NICKEL PRICE UP

Le Nickel has raised its sterling price for nickel rondelles to £2,802 from £2,776 a tonne.

The price is based on an average sterling exchange rate of $1.7720 for the five working days commencing June 22.

London copper values rise after U.S. pricing move

BY OUR COMMODITIES STAFF

A GENERAL rise in the U.S. producer copper prices from 70 cents to 74 cents a lb boosted prices on the London Metal Exchange in early dealings yesterday. But profit-taking quickly set in trimming gains from £12 a tonne to less than £1 during the morning. The market strengthened again in the afternoon, however, following a firm opening in New York and at the close cash wirebars were quoted £9 up on the day at £916.5 a tonne.

A quick set-back following the initial rise was attributed in some quarters to a feeling that the producer price rise, which had been expected, was not as big as it might have been.

A sharp overnight rise in the Panang tin price was not fully reflected in London but prices nevertheless moved up substantially before being trimmed by profit-taking. Physical buying and the trend of the copper market helped tin in the afternoon but by the close cash was only £1.5 higher on balance at £4,547.5 a tonne.

A considerable amount of uncertainty surrounds the tin market at the moment as a result of the changeover between the fourth and fifth International Tin Agreements (ITAs). The fifth ITA came into effect provisionally yesterday but the position with regard to buffer stock operations is still not clear. The Penang price has now moved above ITA the "ceiling" level but with buffer stock operation suspended pending ratification of the new ITA no selling can take place.

Buffer stock

Opinion is also confused as to the fate of the 2,820 tonnes of tin remaining in the buffer stock. A communique issued on Wednesday said this would be liquidated before a new stock was established but it gave no indication of how long this might take.

Despite the rise above the ceiling level it seems unlikely that producers will press for an immediate increase in the ITA price range. Delegates attending yesterday's first session of the new agreement thought it more likely that the buffer stock will not be obliged to offer all its holdings for sale.

The delegates added that the release of stocks accumulated in producing countries during the period of export restraint which ended on Wednesday will help augment the depleted stock.

At yesterday's session Mr. Christopher Agidi, of Nigeria, was appointed acting chairman. Second vice-chairman designate is Pierre Legoux of France. Delegates said Mr. Peter Lai, Malaysian ambassador to the U.N., would be appointed executive chairman of the International Tin Council in succession to Mr. Harold Allen of Australia. Mr. Allen, who has been executive chairman for 15 years, will be appointed special adviser to Mr. Lai.

Meanwhile on the London Metal Exchange *lead* and *zinc* trading was fairly quiet. Cash lead closed £0.75 down at £278 a tonne while cash zinc gained £2 to £427.5 a tonne.

Japan and Cuba in sugar deal

BY PETER BULLEN

LONDON SUGAR traders said yesterday that Japan had reached agreement with Cuba on prices for a long-term contract for the supply of 1m. tonnes of sugar.

It is believed that Cuba will send Japan 100,000 tonnes next year and 300,000 tonnes a year for the following three years. Cuba had hoped to sell Japan 2m. tonnes over the four-year period.

Reports of the deal had little effect on the London sugar market which also reacted quietly to the information later in the day that the EEC may still have up to 150,000 tonnes of sugar available for weekly tender throughout July.

The dominant market factor appears to be the continuing threat to the European beet crop posed by the hot weather and drought offset to a certain extent by opimism over prospects of a good cane sugar crop developing in the Southern Hemisphere.

In its latest review of the world sugar market the French company Sucres et Denrees said the drought was raising the possibility of a French sugar beet disaster on a scale not seen since 1959. Output would certainly be below last year's 2.97m. tonnes. Belgium and Holland were less affected and the situation was not too serious in these countries. Elsewhere in the EEC, normal output was expected it said. By contrast, world cane sugar output was likely to expand strongly in 1975-76.

However in Brussels it was stated that latest samples suggest Belgian sugar beet is suffering badly from the continued drought. With the dry weather now forecast to continue until at least mid-July, the outlook for the final crop is very poor, a spokesman for L' Institut Belge pour l'Amelioration de la Betterave said.

Sugar content is exceptionally high, but root weight is low, leaf weight is less than a third of normal, and the first leaves are already yellowing and falling. This should not normally happen until August, he added.

It is still much too soon to estimate the final outturn for the harvest, he said. But the present yield of roots per hectare is estimated at around 7 tonnes, against 17 tonnes at this stage in a normal year.

Even in the U.S. a smaller area of sugar beet has been planted this year. Reuter reported from Washington, that U.S. farmers are planting an estimated 1.53m. acres this year, 4 per cent. less than in 1975, according to the U.S. Agriculture Department's crop reporting Board.

However, the indicated acreage of sugar-cane for harvest this year, at 782,300 acres would be 1 per cent. above the 774,000 acres harvested in 1975.

Wool handlers' strike goes on

SYDNEY, July 1.

MEETINGS OF storemen and packers at wool handling facilities across Australia voted to maintain their ban on handling bales weighing more than 180 kilos, trade sources said to-day.

They discussed an interim Arbitration Commission report on the bale weight issue and rejected its recommendation that two men or machinery can handle bales weighing between 180 kilos and the previously-agreed maximum of 204 kilos.

The sources said no further action is expected until the Commission receives a report on the medical aspects of handling heavy weights from a Sydney University authority.

The bale weights issue was one of the factors in the two-month long wool handlers' dispute which crippled Australian wool exports in March and April.

Reuter

Bacon and egg prices to fall

By Richard Mooney

BEIRUT, July 1.

WITH THE current heat-wave casting a shadow over demand for the traditional English breakfast, bacon and eggs are to be cheaper next week. Back bacon rashers could cost up to 5p a pound less while eggs should come down by around 4p a dozen.

The cut in bacon prices was led by the Danes who yesterday announced a £40 reduction to £870 a tonne for their first-hand price. FMC, Britain's biggest curer, responded with a £30 cut to £850 a tonne, while Irish and Ulster bacon comes down £20 to £850.

Supermarket egg prices are expected to be about 37-39p a dozen for large, 34-36p for standard and 31-32p for medium, the Goldenlay marketing consortium announced yesterday. "This represents the best value in egg prices for housewives this year," the announcement said.

Early summer is usually a time of strengthening demand for bacon and eggs but the weather has been so hot this year that the offtake to the holiday trade has been well below normal. The trend towards Continental-style breakfasts has also hit demand.

Sagging demand for rasher bacon has been partially offset by the very firm market for cooked ham and gammon, but further price rises here seem unlikely. The bacon price cuts average out at 1½-2p a pound over the whole side but retail reductions are likely to be concentrated on rashers with middle cuts coming down 1½-2p a pound and back by 3-5p a pound.

Brazil coffee purchase not confirmed

RIO DE JANEIRO, July 1.

COFFEE TRADE sources said they had no possibility to confirm or deny New York rumours that Brazil has bought 200,000 bags of Malagasy Republic coffee.

They said there have also been unconfirmed rumours Brazil may have bought a similar amount from the Ivory Coast.

Should Brazil be involved in purchases of this sort, negotiations would be kept very quiet, the sources said. It is extremely hard to obtain confirmation of such deals, they added, pointing to the rumours in April about Brazil buying Angolan coffee which have still not been cleared up.

Reuter

Drought hits farms across Europe

BY OUR COMMODITIES STAFF

HOT WEATHER and drought are affecting farms, crops and livestock across Europe. Estimates of yields of grain, sugar beet and other crops are being cut back sharply and even livestock are beginning to suffer.

Swiss farmers will probably have to slaughter between 30,000 and 50,000 cows because of the drought which has dried up fodder, Mr. Jean-Claude Piot, the Government's agricultural division head said to-day, reports Reuter from Berne.

Mr. Piot said Swiss cattle stocks totalled some 900,000 head. Usually, 120,000 were killed each year to provide meat. This year, the figure could rise to 170,000.

Western Switzerland was having its driest June for 106 years. The government was planning steps to aid the worst affected regions, Mr. Piot added. Potato crops were particularly badly hit, and sugar beet harvests could only be saved if rain fell soon.

Emergency

In Bonn, the West German Farmers' Association said EEC grain production would be cut by about 10 per cent. this year because of drought.

It said West German grain losses could not yet be assessed, but the crop was certain to be lower than last year's 21.3m. tonnes after the months of drought which preceded the present spell of hot weather.

But Herr Josef Ertl, the Minister of Agriculture, warned in Parliament against dramatising the situation. In contrast to France, where the drought had brought catastrophic results, large areas of the Federal Republic still expected an excellent harvest, he said.

But from East Berlin it was reported that East Germany is preparing for emergency early grain harvesting, the main East German Communist daily, Neues Deutschland, said. The current drought is leading to premature ripening, especially in areas with light soil, because of the scanty water supply.

Herr Heinz Kuhrig, the Agriculture Minister, told a Parliamentary Agriculture Committee that in areas where no more growth can be expected before normal harvest time, crops now in the ground should be harvested and intermediary crops sown without further delay.

Drought has cut French soft wheat deliveries from producers this year to 13m.-14m. tonnes against an estimate at the beginning of the season of 17m. tonnes a spokesman for the Association of Wheat and Other Cereal Producers said in Paris yesterday.

He told Reuters that total deliveries this year could fall to last year's 12m. tonnes if the drought continues despite an increase of 500,000 hectares to 4.15m. hectares in the area sown.

"An extension of dry weather will be more than a calamity, it will be a national tragedy," he declared.

Producers are having to cut wheat now, instead of as normal in July-August, to prevent it being scorched, and also to provide fodder for livestock. This represented a drastic loss in farmers' revenues, he said.

The whole grain-producing area of France is now affected, but in particular the main growing region North of the Loire.

He added that the situation for France's maize crops is "very grave" with production likely to fall to 5m. tonnes or below, against earlier estimates of 6.6m. tonnes.

"It is now a vital period for the plants' development and rain is needed by mid-July or the crop will be finished," he said. Production of 5m tonnes would compare with nearly 10m. tonnes produced in 1971-72, he added.

Calamity

Meanwhile from Rome UPI reports that Italy will ask its EEC partners for permission to import maize on special terms to feed cattle left without fodder by the severe drought, Sig. Giovanni Marcora the Minister of Agriculture announced.

At a meeting with agricultural officials from northern Italy he urged Italian farmers not to slaughter hungry cattle, as has been done in some other drought-stricken European nations, which may, as a result, face a meat shortage next year.

The drought has left irrigation canals in Northern Italy almost empty, seriously reducing crops of maize, rice, and fodder.

People at the meeting asked the Government to proclaim the drought a national calamity and make relief funds available to North Italian farmers.

The Minister said that if there was no rain, the level of Lake Maggiore could reach a dangerous level in 10 or 15 days, that of Lake Como in two weeks and that of Lake Garda in a month.

U..S farmers plant record maize crops

BY OUR COMMODITIES STAFF

GIVEN GOOD weather between now and harvest, U.S. farmers could gather an even bigger maize yield than the bumper crop already forecast.

In its first survey of actual plantings at June 1—plus an allowance for the acreage which farmers said they intended to plant later in the month—the U.S. Department of Agriculture estimated yesterday that farmers will harvest 84m. acres of maize, which is more than previous estimates and 8 per cent. more than in 1975.

The acreage of wheat planted is also 7 per cent. higher than last year and the cotton acreage is 23 per cent. above last year's relatively low level.

However, Reuter reports from Washington, the USDA's estimates revealed that slightly more acreage had been taken out of soyabeans this year and planted to other crops.

The survey indicated soyabean plantings 10 per cent. below last year's level.

The Department made no attempt to estimate likely production this year on the strength of the acreage estimates. It plans to take another survey of farms within the next few days to obtain estimates of likely yields which will enable it to estimate and publish production figures on July 12.

But taking the mid-point of USDA analysts' initial projections of likely yields this year, the acreage planted to maize this Spring could produce a record crop of over 6.4bn. bushels compared with last year's previous record output of 5.8bn. bushels.

On the same basis this year's wheat crop, geared to the acreage likely to be actually harvested out of the total plantings, could produce a crop of just over 2bn. bushels. That would be about 50m. bushels more than anticipated on the strength of earlier planting intentions but would still fall about 130m. bushels below last year's record out-turn of 2.1bn. bushels.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher again in a fairly heavy turnover on the London Metal Exchange. Following the overnight rise in the U.S. producer quotation forward metal traded up to £953 in early dealings before easing back owing to profit-taking to £941. Fresh interest was prompted at the lower levels, however, with demand picking up when the U.S. market moved ahead after a lower opening. Forward metal subsequently traded back up to £951 before ending at £949.5 on the afternoon Kerb. Turnover 24,600 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	907-.5	-1.25	915-7	+9
3 months	941-.5	-.25	950-1	+8.75
Settlem't	907.5	-1.5	—	......
Cathodes				
Cash	894-.5	-2.25	905.5-7.5	+12½
3 months	937.5-8	-1	940-1	+15
Settlem't	894.5	-2.5	—	......
U.S. Prod.	—	......	*70-74	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £909.5, 08, 08.5, 07, three months £946, 45, 44.5, 44, 43.5, 43, 42, 41, 40.5, 41. Cathodes, cash £893, 94, three months £926, 27.5, 28. Kerb: Three months £941, 2. Afternoon: Wirebars, three months £944, 43, 42, 41, 41.5, 42, 43, 42.5, 42, 43.5, 43, 41, 42.5, 41, 40.5. Cathodes, cash £906, three months £929. Kerb: Three months £950, 49.5.

TIN—Little change on balance. The sharp rise in the Penang market overnight was more than had been expected but after trading at £4,710 forward standard metal retreated owing to lack of follow-through and profit-taking to £4,685. Physical demand and fresh speculative interest then prompted a recovery and by the close of the afternoon the price had risen to an all-time record of £4,715. Turnover 2,900 tonnes.

[illegible]

COCOA

Prices initially eased on liquidation of the near months, but consumer buying brought about a late rally concentrated on [illegible]

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

SILVER

[illegible]

GRAINS

[illegible]

FREIGHTS

[illegible]

SOYABEAN MEAL

[illegible]

WOOL FUTURES

[illegible]

JUTE

DUNDEE—Quiet. Prices c. and f. U.K. for August-Oct. shipment: BWB £224, BWC £219, BWD £201. Tossa: BTB £225, BTC £211, BTD £203. Calcutta goods steady. Quotations c. and f. U.K. for prompt shipment: 10-ounce, 40-inch £8.19, 7½-ounce £6.52 per 100 yards: July £8.23 and £6.23; August-Sept. £5.37 and £6.39. [illegible]

SUGAR

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

	July 1 1976	+ or —	Month ago
Metals			
Aluminium	£456	......	£456
Free Market	[illegible]		£475-490
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

Sharp rally from copper; grains lower

NEW YORK, June 30.

COPPER futures rallied sharply on speculative buying following unconfirmed rumours of a producer price increase. Precious metals exhibited a mixed tone as silver rallied on speculative buying while gold and platinum eased on speculative selling. Cocoa, coffee and sugar rallied on speculative buying, while grain futures declined on commercial edging and speculative profit-taking, reports Bache.

Cocoa—Ghana spot 108½ (107). Bahia spot 101½ (100). July 95.95 (94.35), Sept. 93.00 (91.45). Dec. 85.75. March 81.45, May 78.15, July 75.05, Sept. 72.60. Sales: 1,154.

Coffee—"C" Contract: July 152.40 (151.00). Sept. 152.70-153.00 (151.50). Dec. 148.75-148.90. March 143.65, May 142.50-142.80. Sales: 691.

Copper—July 74.40 (72.60). Aug. 73.10 [illegible]

Rise in £ helps equities recover after early reaction

Index up 2.7 at 386.5, after 381.3—Gilts in demand

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun. 14	Jun. 24	Jun. 25	July 6
Jun. 28	July 8	July 9	July 20
July 12	July 22	July 23	Aug. 3

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The good showing by sterling on foreign exchange markets gave both equity markets and British Funds a modest boost yesterday. Most of the day's activity centred on the latter sector where a good demand was seen for the short and long "tap" stocks. Widespread gains ranged to ¾ and the Government Securities index continued its steady improvement with a rise of 0.19 to 63.06, making a gain of 0.41 on the week so far.

Leading Industrials made an easier start, after the previous day's late advance in response to the White Papers. Prices drifted lower on lack of support before the trend took a turn for the better in the afternoon. Down 2.5 at noon, the F.T. 30-share index was showing a rise of 2.2 by 3 p.m. This was extended a little further in the late trading and the index closed 2.7 up on balance at 386.5. Demand was only small but, with stock in short supply, prices were quick to respond to the change in sentiment.

Elsewhere, several useful gains were recorded in companies expecting to benefit from the revision in the Price Code, while overall firmness was mirrored in the 2-1 majority of rises over falls in F.T.-quoted Industrials and in a gain of 1 per cent. to 157.03 in the F.T.-Actuaries All-Share Index. The continuing abysmal level of trade was reflected in markings of only 3,725.

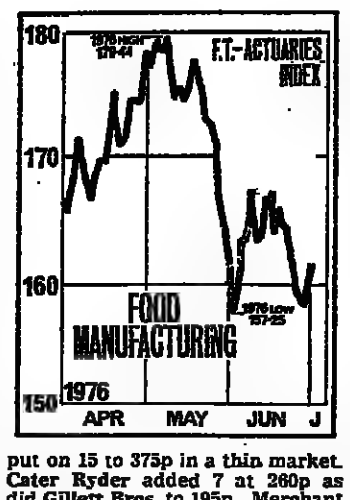
'Tap' prices raised

The mood in foreign exchange markets where sterling began making a good response to the Government's counter-inflation White Paper spread to British Funds, which traded actively. Such was the force of the demand for the long "tap," Exchequer 13¼ per cent., 1996, the Government broker twice raised his selling price, being finally established at 95, or a point above the price at which the stock was issued just three weeks ago. The price of the short "tap," Treasury 9¾ per cent., 1981, was also raised by the Government Broker, following renewed support, to 92⅜. Inquiries continued after-hours during which the firm trend showed no sign of abating.

The upward movement in sterling affected sentiment in the investment currency market and, allied to the current arbitrage situation which tends to produce offerings of premium, caused the rate to fall to 110⅝ per cent. before a close of 111⅜ per cent. down ⅛ on balance. Yesterday's S.E. conversion factor was 0.6865 (0.6870).

Banks higher

Wednesday's trend was repeated in the big four Banks yesterday with most price gains taking place in the later dealings. Lloyds and National Westminster advanced 5 more to the common level of 225p, while Midland improved 3 at 263p. Barclays remained at 275p. Bank of Scotland rose 6 to 263p. Overseas issues were also better where changed, with Australia and New Zealand 6 dearer at 476p and Standard Chartered 5 higher at 393p: the latter still bolstered by Tuesday's good results. Buoyed by the firm performance of gilts, Discounts took a distinct turn for the better; Alexanders, with interim results due Monday, rose 10 to 230p, while Allen Harvey and Ross



put on 15 to 375p in a thin market. Cater Ryder added 7 at 260p as did Gillett Bros. to 195p. Merchant banks gained ground in places, with Mercury Securities a couple of pence to the good at 99p; the preliminary results are due on Monday.

More interest was shown in Insurances which closed firm. Sun Alliance gained 10 to 395p and Phoenix advanced 8 to 206p, while Commercial Union put on 5 to 118p.

Breweries continued quietly firm with Bass Charrington, 103p, and Arthur Guinness, 134p, both 2 better. Allied hardened 1½ at 69p. Elsewhere, H. P. Bulmer added 3 to 92p.

Buildings had a couple of good features in AP Cement, 9 higher at 161p, and Tunnel "B," 8 better at 156p, following Press comment on the probable implications of the Price Code proposals for building material producers. Montagu L. Meyer, a neglected market of late, encountered support, possibly on yield considerations, and improved 6 to 64p. Higher profits took G. H. Downing up 8 to 130p, while Whatlings celebrated the sharply improved interim figures with a fractional gain at 9½p. On a dull note, Anglo-American Asphalt, at 181p, lost 4 of the recent rise that followed the results and scrip issue proposal.

ICI moved up 3 more to 358p. Allied Colloids continued firmly, rising 8 further to 130p for a two-day gain of 12.

GEC wanted

A good Press reception of the preliminary figures directed fresh attention to GEC; the Ordinary closed 3 better at 159p and the 7¼ per cent. Convertible Loan tock, 1987-92, were raised nine points to £160 following a reasonable turnover. Thorn Electrical featured with a rise of 10 to 228p in a thin market for a two-day gain of 16. Geo. H. Scholes moved up 3 to 205p, but Louis Newmark contrasted with a fall of 5 to 100p.

W. H. Smith "A" featured Stores, rising 12 to 352p on small buying in a thin market. Substantially higher earnings took Courts (Furnishers) "A" up 4 to 86p, while House of Sears edged up 1½ to 8½p on the profits statement. Lincroft Kilgour closed a penny harder at 29p on the encouraging statement, which accompanied lower interim profits, but Readicut International lost a penny at 28p on the proposed "rights" issue. James Beattie "A" were raised 4 to 104p, while gains of 3 were seen in Combined English, 67p, and L. D. and S. Rivlin, 33p. The leaders attracted a reasonable turnover, but closed little changed on Wednesday's closing levels. Freemans (London), 3 up at 155p, provided the only movement of note in Mail Orders.

Beyer Peacock warmed to news that Saudi Arabian interests had acquired a 27 per cent. stake and that discussions were taking place: a report suggested the shares had been acquired at around 25p each, but there was some scepticism in the market and the price rose only 5 to 22p, after 23p. Elsewhere in Engineerings, General (Radcliffe) gained 4½ to 27p in response to the excellent results and proposed scrip issue, while London and Midland Industrials were 1 harder at 51½p following the increased profits. Simon revived with a rise of 5 to 120p. Still reflecting the interim dividend omission and loss, Dunford and Elliott fell 2 more to 37p, but Weston-Evans improved 3 further to 47p, mirroring the record results.

Foods had a modest feature in British Sugar, which moved up 10 to 285p on the profits forecast contained in the interim statement. J. Lyons were active and 1½ harder at 87½p, while Tate and Lyle, 250p, and Fitch Lovell, 50p, put on 2 apiece. Cadbury Schweppes hardened a penny to 46½p with the help of Press comment. Batleys of Yorkshire were also a penny better at 55p in front of to-day's results, but Geo. Bassett, at 77p, lost half of the previous day's rise of 2 which followed the preliminary figures. In Supermarkets, Lennons recovered 2 to 30p on further consideration of the results.

Hotels and Caterers were notable for continued weakness in Brent Walker, which eased 3 more to 55p for a two-day loss of 5 since the news of the Brent Cross deal.

Glaxo erratic

After Wednesday's late mark-up, the miscellaneous Industrial leaders began the day on an easier note on lack of follow-through support. However, prices picked up later in the day in sympathy with the performance of sterling and closed with modest gains. Glaxo were particularly erratic, easing to 390p before picking up to touch 399p and closing a penny firmer on balance at 398p. Boots ended 2 dearer at 122p, after 119p, and Bowater closed similarly dearer at 200p, after 197p. Reckitt and Colman attracted buyers and firmed 9 to 345p and Pilkington Bros. regained composure with an improvement of 4 at 327p. Second-line issues were mixed. Wedgwood were noteworthy at 217p, up 9 and Carlton Industries responded to the good results by rising 5½ to 61½p. Satisfaction with the half-year figures left Granada "A" 3 dearer at 76p, after 77p, while Press comment drew buyers attention to Pentland Industries, which hardened a penny to 8p, after 8½p. Further consideration of the Hygrade Food Products deal helped Hanson Trust harden 2 more to 125p, but RTD cheapened 2 to 17½p on the chairman's bearish annual review. "Mams" shed 3 to 49p and Braby Leslie gave up 2 to 66p; the latter's results are due next Tuesday.

Business in Motors and Distributors was thin and selective. Lucas moved up 3 to 217p, while Armstrong Equipment, 64½p, and Airflow Streamlines, 35p, put on 1 and 2 respectively. Kwik-Fit, however, eased a penny more to 24p on further consideration of the fund-raising plans. In Garages, BSG International were a shade firmer at 18½p following "call-option" business.

Developments were notably scarce in Paper and kindred issues. Bunzl Pulp eventually hardened 1 to 94p and Woodrow Wyatt were similarly dearer at 25p. Elsewhere, W. N. Sharpe picked up 2 to 52p.

Land Secs. up late

Properties shared in the late upturn and Land Securities ended 5 higher at the day's best of 155p. Other leading stocks such as MEPC, 67p, British Land, 29p, and English, 45½p, all closed 2 better, while Bernard Sunley improved 3 to 98p. Stock Conversion's preliminary figures were considered satisfactory, but the price shaded the turn to 165p. Elsewhere, Land Investors rallied 4 to 84p; Evans of Leeds picked up 3 to 68p and Peachey gained 1 more to 39½p. Lend Lease were unsettled by investment dollar influences and lost 10 to 275p.

Much of the rise in Oils occurred late and Shell closed 4 up at 436p, after 430p, while British Petroleum put on 5 to 610p. Berry Wiggins were notable and rose progressively to 43p for a gain of 4½. Tricentrol, too, came more into the picture with an advance of 3 to 55p, while Burmah improved the turn to 44p. Overseas issues turned irregular and, on domestic market advices, Weeks Natural Resources weakened 13 to 75p: the Options gave up 7 at 25p. Woodside-Burmah, however, regained 3 to 86p and Siebens (U.K.) rallied 10 to 155p. Ball and Collins' latest North Sea drilling statement had a negative impact, the price remaining at 36p after the news for a loss of 2.

Little of interest tok place in Trusts and Financials yesterday as potential buyers were unable to obtain satisfactory amounts of stock. Reflecting late demand on Wednesday, Estates House were 3 higher at 201p, while improvements of 5 and 10 were seen in Stanhope General, 78p, and Chaneln Islands and International Capital, 295p. Down 3 the previous day following the sharp profit setback, Lamont hardened to 12½p, Lampa Securities added 2 to 102p, but New Bridge fell 3½ to 19p.

Shippings closed firmer throughout. Furness Withy recovered 5 to 185p and P & O Deferred hardened 3 to 106p.

In common with other market majors, Courtaulds moved ahead late to close 2 harder at 133p, after 130p, in Textiles. Press comment on the results brought about a further penny improvement in British Cotton and Wool Dyers Association to 25p, making a two-day gain of 6. Tootal found support at 36p, up 1½, but nervousness in front of to-day's interim figures left Mackinnon of Scotland 2 lower at 18p. Among Tobaccos, Imps edged forward a penny to 73p; the interim results are due next Thursday.

Plantations closed slightly firmer in places. Assam Frontier hardened 2 to 115p and McLeod Russel improved 3 at 168p.

Golds marked down

The continued decline in the bullion price, which fell to $122.90 per ounce at the afternoon fixing before closing 75 cents down at $123.125 and the fresh fall in the investment dollar premium combined to further depress prices of South African Golds. After opening modestly firmer owing to Cape and Continental interest, they subsequently turned easier following the morning fixing and in the afternoon lost further ground in line with the metal price, although losses owed more to jobbers marking down prices rather than ton any substantial offerings. The Gold Mines index lost all of Wednesday's gain, being 4.9 lower at 147.3—its lowest since April 7.

In the heavyweights, Free State Geduld and St. Helena were both ⅛ lower at the common price of £11⅜, while Hartebeest fell a similar amount to £10⅞. Among the lower priced stocks, Kloof gave up 20 to 420p while, following the cutback in operations, East Rand Proprietary receded 15 to 285p.

Overseas-based Financ[ials] generally drifted in idle tr[ading] reflecting easiness of the pre[mium] and Golds. The London-[based] stocks, however, improved re[flect]ing the firmness of U.K. I[ndus]trials. Charter Consoli[dated] gained 7 to 156p and Rio T[into] Zinc put on 4 to 217p.

Coppers responded to the [...] rise in the metal price, Pal[abora] being 25 better at 875p. Platinums continued to drift, [fol]lowing the record levels att[ained] by the metal price in Lond[on] Wednesday and its firmne[ss] Penang, Tin shares were m[ostly] higher. Gopeng rose 15 to [...] while Ayer Hitam put on [...] 255p.

The better overnight tre[nd in] home markets was reflect[ed in] Australians here. Western [Mining] advanced 8 to 191p and [...] Resources improved 4 to 47[p].

Elsewhere, Canuc Mines [...] 35 to 180p in a thin mark[et] spite the closure of Ca[nadian] markets yesterday for Do[minion] Day.

FINANCIAL TIMES STOCK INDICES

—	July 1	June 30	June 29	June 28	June 25	June 24	A Year ago
Government Secs.	63.06	62.87	62.82	62.71	62.65	62.76	58.7
Fixed Interest	62.38	62.35	62.36	62.28	62.30	62.35	58.2
Industrial Ordinary	386.5	383.8	377.9	371.5	375.1	376.4	308.
Gold Mines	147.3	152.3	148.7	161.5*	167.5	165.9	380
Ord. Div. Yield	5.67	5.71	5.79	5.87	5.76	5.73	6.5
Earnings Y'ld% (full)(a)	16.05	16.12	16.35	16.56	16.34	16.25	19.3
P/E Ratio (net) (a) (b)	9.24	9.20	9.07	8.95	9.08	9.12	7.2
Dealings marked	3,725	3,766	3,766	3,572	4,207	4,320	5,8[illegible]
Equity turnover £m.	—	38.96	34.39	35.26	46.21	43.23	48.[illegible]
Equity bargains total	—	9,167	8,951	9,311	10,933	10,681	13,0[illegible]

10 a.m. 383.0. 11 a.m. 381.8. Noon 381.3. 1 p.m. 381.6. 2 p.m. 381.5. 3 p.m. 386.0.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=9.17.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1/76)	60.19 (2/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	59.75 (2/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5/76)	364.7 (2/6/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	140.1 (5/4/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	July 1	June 30
Daily—		
Gilt-Edged	136.1	138
Industrials	121.8	120
Speculative	27.2	38
Totals	84.8	85
5-day Average—		
Gilt-Edged	150.3	128
Industrials	125.5	128
Speculative	34.7	38
Totals	86.7	89

MONTHLY AVERA[GES] OF STOCK INDIC[ES]

—	June	May	Apr.
Financial Times			
Govnmt Secs	62.27	62.71	61.9
Fixed Interest	61.22	63.75	61.6
Industrial Ord.	378.6	396.5	402.
Gold Mines	176.2	174.4	165.
Dealings mkd.	4,726	5,944	5,3[illegible]
F.T. Actuaries			
Indust'l Grp.	152.92	160.1[illegible]	[illegible]
500-Share	167.65	179.19	177.[illegible]
Financial Grp.	123.22	124.07	13[illegible]
All-Share	156.18	161.79	16[illegible]
20-year Govt.	42.94	[illegible]	4[illegible]
Red. Debs	50.67	51.[illegible]	4[illegible]
High			
Industrial Ord	398.3 (19/1)		39[illegible]
All-Share	159.32 (15/1)		16[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday, July 1, 1976: Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Wed. June 30 Index No.	Tuesday June 29 Index No.	Monday June 28 Index No.	Friday June 25 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	142.78	+1.1	16.56	5.56	9.21	9.12	141.25	139.95	139.72	140.75	116.18	150.06 (21/4)	137.18 (2/6)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	125.47	+1.7	15.45	7.55	9.51	9.51	123.35	122.11	121.77	123.24	98.88	150.18 (15/1)	121.77 (28/6)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	186.17	+0.1	20.67	5.92	7.65	7.53	186.05	184.29	186.22	185.91	212.52	260.20 (15/1)	184.29 (29/6)	369.35 (19/5/72)	71.48 (2/12/74)
4	Electricals (16)	268.10	+2.0	15.55	4.95	9.56	9.50	262.95	258.79	258.08	259.96	218.42	287.30 (21/4)	245.72 (3/6)	350.04 (4/5/72)	85.71 (25/5/65)
5	Engineering (Heavy) (13)	177.03	+1.0	15.40	6.85	6.96	6.96	175.32	173.65	172.80	172.77	158.44	193.18 (3/5)	161.88 (2/6)	202.57 (6/6/73)	94.45 (1/2/76)
6	Engineering (General) (63)	132.79	+0.5	16.16	6.72	9.19	9.16	132.11	131.81	131.05	132.07	100.65	149.39 (3/5)	125.48 (2/1)	168.59 (4/5/72)	45.14 (6/1/75)
7	Machine and Other Tools (9)	56.52	+1.2	18.56	7.79	8.14	8.13	56.14	55.66	55.51	55.63	41.10	60.62 (3/5)	51.19 (5/1)	155.70 (4/7/68)	19.96 (13/12/74)
8	Miscellaneous (25)	126.65	+0.1	14.85	6.75	10.27	9.96	126.49	126.20	126.19	126.30	106.08	141.94 (11/6)	121.55 (2/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	124.61	+1.3	16.77	5.41	8.91	8.89	122.96	121.30	121.09	121.88	94.16	141.46 (21/4)	115.86 (2/6)	237.78 (21/4/72)	38.59 (6/1/75)
10	Lt. Electronics, Radio TV (15)	136.82	+2.1	14.74	4.07	9.98	9.98	133.96	131.88	132.22	132.78	97.88	160.35 (7/4)	128.75 (2/6)	257.41 (19/5/72)	42.85 (12/12/74)
11	Household Goods (13)	162.38	+0.7	19.21	7.16	7.95	7.91	161.31	160.48	160.48	160.99	127.34	187.22 (7/4)	160.48 (29/6)	253.23 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (25)	78.29	+0.4	18.95	6.79	8.00	7.96	77.94	75.95	77.14	77.09	45.28	85.16 (3/5)	70.06 (5/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	145.65	+0.9	14.56	6.27	10.41	10.26	144.47	143.16	142.84	142.98	128.15	162.24 (4/2)	135.95 (2/6)	225.08 (15/6/72)	61.41 (13/12/74)
14	Breweries (15)	162.76	+0.8	14.19	5.94	10.55	10.55	161.51	157.60	156.03	155.71	145.26	179.43 (2/2)	147.99 (2/6)	281.87 (23/11/73)	69.47 (13/12/74)
15	Wines and Spirits (7)	175.25	−0.1	10.87	5.78	14.07	14.07	175.44	174.59	174.02	174.14	164.54	190.67 (5/5)	169.90 (2/6)	257.40 (13/7/72)	78.71 (13/12/74)
16	Entertainment, Catering (14)	174.87	+0.8	15.90	7.61	11.10	11.01	173.53	169.59	167.96	167.66	145.91	211.26 (3/3)	158.17 (2/6)	329.99 (12/12/72)	54.87 (19/7/74)
17	Food Manufacturing (22)	161.48	+1.5	16.24	5.45	9.35	9.29	159.34	158.08	158.21	158.97	141.05	179.44 (11/5)	157.25 (2/6)	211.65 (1/6/72)	59.78 (11/12/74)
18	Food Retailing (16)	133.62	+1.5	13.34	5.57	10.95	10.95	131.64	130.44	130.73	131.61	122.54	160.05 (12/1)	126.86 (2/6)	235.06 (15/6/72)	54.95 (11/12/74)
19	Newspapers, Publishing (16)	170.35	−0.3	12.24	6.09	12.56	12.56	170.86	169.04	167.07	169.50	128.39	184.34 (11/3)	157.01 (2/6)	250.89 (18/1/72)	55.08 (6/1/75)
20	Packaging and Paper (12)	98.43	+0.4	16.54	7.56	9.30	9.30	98.00	96.52	96.50	96.71	88.47	112.50 (26/2)	94.92 (3/6)	136.69 (26/4/72)	43.46 (6/1/75)
21	Stores (34)	117.87	+1.1	12.87	5.86	11.95	11.94	116.54	116.12	116.14	116.01	106.68	136.24 (2/2)	115.17 (2/6)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (23)	150.05	+0.7	10.33	7.65	15.50	11.34	149.05	147.00	146.84	146.92	131.48	163.10 (30/1)	141.90 (2/6)	253.72 (17/3/68)	62.66 (11/12/74)
23	Tobaccos (3)	220.07	+0.9	10.81	6.44	7.70	7.70	218.18	217.67	218.15	216.75	185.56	241.89 (3/5)	211.56 (5/3)	539.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	74.86	+1.5	19.55	7.35	7.15	7.13	73.88	71.87	71.67	71.82	58.72	78.75 (11/6)	69.15 (22/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (96)															
25	Chemicals (26)	212.06	+0.4	11.74	5.31	11.86	11.84	211.27	206.92	208.33	209.09	163.11	251.38 (3/5)	199.46 (6/1)	251.38 (3/5/76)	71.20 (1/12/74)
26	Office Equipment (8)	92.66	+0.1	12.55	6.59	11.58	11.58	92.61	91.55	91.23	91.85	82.46	100.16 (19/5)	85.09 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	370.09	+1.0	13.77	7.07	10.01	9.07	366.59	365.37	361.49	357.60	330.12	432.64 (30/1)	365.52 (19/3)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (49)	152.76	+0.8	14.57	7.27	10.27	10.27	151.59	149.67	149.72	150.42	132.46	172.98 (21/4)	148.45 (2/6)	258.83 (3/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	150.38	+0.9	14.61	6.17	10.19	10.08	149.08	147.37	147.32	147.56	125.57	165.38 (3/5)	143.68 (2/6)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	363.54	+0.9	11.77	4.51	9.82	9.09	360.32	357.12	355.71	358.03	277.31	395.84 (20/5)	331.34 (16/2)	431.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	167.89	+0.9	14.15	5.90	10.15	9.91	166.43	164.59	164.44	165.12	138.21	183.00 (3/5)	161.90 (2/6)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	125.84	+2.0	—	5.90	—	—	123.38	122.42	121.92	122.46	124.21	153.46 (30/1)	118.58 (2/6)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	155.65	+1.5	20.16	5.51	7.65	7.65	151.66	149.11	147.90	148.06	144.09	192.16 (29/1)	146.38 (2/6)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	169.80	+2.2	—	8.67	—	—	166.11	166.14	166.49	166.49	144.62	186.52 (13/1)	147.90 (3/6)	293.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	91.36	—	—	7.11	—	—	91.36	90.51	90.64	90.61	85.06	132.10 (26/2)	89.15 (24/6)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	106.50	+2.8	—	6.70	—	—	103.61	102.57	102.00	102.21	106.12	129.46 (30/1)	96.91 (2/6)	194.46 (15/5/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	98.39	+4.0	—	7.15	—	—	94.59	94.16	93.12	94.04	98.66	119.76 (30/1)	92.03 (10/6)	156.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (9)	241.81	+0.8	10.20	4.57	14.46	14.46	239.86	243.81	246.70	246.39	188.53	276.90 (11/5)	218.26 (5/1)	275.90 (11/5/76)	65.86 (16/12/74)
39	Merchant Banks (16)	72.22	+0.9	—	7.74	—	—	71.58	71.36	71.62	71.99	79.96	93.85 (27/1)	69.72 (2/6)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	166.75	+1.2	3.56	3.35	52.32	53.09	164.84	163.90	164.07	165.43	173.18	194.57 (30/1)	144.37 (2/6)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	69.01	−1.5	16.58	8.85	8.32	8.32	69.94	69.40	70.07	72.22	69.32	91.98 (3/2)	69.01 (1/7)	302.13 (18/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	151.70	+0.2	3.51	4.96	29.64	29.64	151.35	149.83	150.24	151.39	156.13	184.55 (30/1)	141.96 (2/6)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	157.03	+1.0	—	5.86	—	—	155.41	153.80	153.56	154.27	135.55	172.64 (30/1)	150.59 (2/6)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	477.55	+0.4	9.49	5.85	15.58	14.04	475.76	473.88	471.67	466.34	425.96	523.40 (7/5)	404.57 (14/1)	555.37 (23/7/73)	84.68 (25/8/65)
45	Teas (8)	139.57	+0.7	30.19	8.48	4.49	4.34	138.64	138.64	138.64	139.31	100.57	140.44 (28/4)	117.89 (7/1)	140.44 (26/4/76)	59.72 (17/10/74)
46	Coppers (3)	230.76	+0.6	42.85	7.45	2.34	2.34	229.34	229.34	228.85	227.43	390.39	301.47 (7/1)	178.95 (6/4)	567.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	103.92	+1.2	10.21	4.85	11.04	10.96	102.72	102.49	102.94	103.57	132.26	119.77 (7/1)	86.18 (3/3)	175.90 (28/4/69)	66.31 (30/9/74)
48	Tins (8)	113.33	+1.5	11.36	7.99	13.20	12.53	111.67	111.45	111.01	111.01	96.85	115.14 (10/5)	85.09 (9/3)	125.43 (12/1/73)	54.85 (27/6/71)
49	Overseas Traders (13)	222.74	+0.7	14.89	4.64	8.74	8.73	222.58	223.28	222.91	223.26	216.80	254.47 (3/5)	222.75 (2/6)	254.47 (3/5/76)	97.37 (6/1/75)

	FIXED INTEREST	Thursday, July 1: Index No.	Yield %	Wed. June 30	Tuesday June 29	Monday June 28	Friday June 25	Thursday June 24	Wed. June 23	Tuesday June 22	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	13.76	13.87	13.86	13.95	13.94	13.84	13.83	13.92	14.46	—	—	—	—
2	20-yr. Govt. Stocks (6)	49.58	‡13.13	49.32	49.31	49.21	49.14	49.29	49.39	49.23	47.83	53.45 (30/1)	47.56 (2/1)	115.42 (11/3/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	50.68	‡14.62	50.66	50.56	50.56	50.78	50.88	50.78	50.63	46.17	52.40 (21/5)	46.68 (2/1)	113.43 (25/10/63)	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	49.25	14.07	49.35	49.08	48.88	48.87	48.09	48.02	47.86	43.44	51.23 (18/2)	45.43 (7/6)	114.41 (13/9/63)	34.46 (4/12/74)
5	Coml. and Indl. Prefs. (20)	67.80	15.87	67.37	67.20	67.12	66.93	66.76	66.72	66.57	60.86	71.97 (2/2)	62.76 (2/1)	114.95 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Food Retailing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Engineering (General)	31/12/71	153.84	Mining Finance	29/12/67	100.00
Wines and Spirits	16/1/70	144.76	All Other	10/4/62	100.00
Toys and Games	16/1/70	135.72			
Office Equipment	16/1/70	162.74			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			
Food Manufacturing	29/12/67	114.13			

‡ Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

A record of the indices, cost £38, is obtainable from FT Business Enterprises 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

NAME CHANGE: White Drummond has changed its name to M. and G. (Holdings).

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	11	361	+3	402	328
Shell Transport	25p	11	436	+4	462	378
Aust. & NZ Bkg.	£1	9	476	+6	490	377
Charterhse. 'New'	Nil/pd.	8	3*	—	4*	2½*
Glaxo	50p	8	398	+1	422	357
Burmah Oil	£1	7	44	+1	53	31
Commercial Un.	25p	7	118	+5	133	106
GEC 7¼% Cnv. Uns. 1987/92	£100	7	£160	+9	£166	£135
Reed Int'l	£1	7	251	−1	288	246
Barclays Bank	£1	6	275	—	330	265
"Bats"	25p	6	365	—	410	342
Delta Metal	25p	6	57	—	72½	56½
Distillers	50p	6	145½	—	158	139
Fisons	£1	6	362	+5	417	353
Pearl Assurance	5p	6	204	+6	230	176

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call Rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 22	July 5	Sep. 16	Sep. 28
July 6	July 10	Sep. 30	Oct. 12
July 20	Aug. 3	Oct. 14	Oct. 26

"Calls" were done in London Merchant, National Carbonising, Barclays Bank, Hawthorn Leslie, National Westminster Bank warrants, Grand Metropolitan, BSG and Lep Group, while "doubles" were arranged in Burmah Oil, Silvermines, Grand Metropolitan and National Westminster Bank warrants.

Industrials							
A.P. Cement	15	Guardian	18	Spillers	4	Shell	27
Assoc. Leisure	5	G.K.N.	25	Tesco	4	Ultramar	14
Barclays Bank	22	Hawker Sidd.	55	Thorn "A"	22		
Beecham	25	House of Fraser	8	Tube Invest.	27	Mines	
Boots Drug	12	I.C.I.	20	Unilever	38	Anglo Amer.	50
Bowaters	15	"Imps"	7	Utd. Drapery	8	Charter Cons.	15
B.A.T.	30	I.C.L.	14	Vickers	15	Char'rh'll Fin.	4
British Leyland	5	Inveresk	7	Williams Hud'n	4	Cons. Gold	15
BOC Int.	5½	Legal & General	12	Woolworths	6	De Beers Def.	35
Burton 'A'	5½	Ladbroke	11			F.S. Geduld	350
Cadburys	5	Lloyds Bank	22	Property		Great Boulder	12
Courtaulds	11	"Lofs"	4	Brit. Land	5½	Hampton Areas	12
Debenhams	8	"Mams"	7	Cap Counties	5	Hampton Prop.	4
Distillers	15	Marks & Sp'ncer	8	E. P.	5	Kloof	100
Dunlop	7½	Midland Bank	22	Int. Europ.	7	Lonrho	9
Eagle Star	11	Nat'l West Bank	20	Land Securities	14	Loraine	55
E.M.I.	17	"Do" Warrants	8½	MEPC	7	Poseidon	55
Gen. Accident	12	P & O Dfd.	11	Peachey	5	Pres. Steyn	200
Gen. Electric	13	Plessey	7	Samuel Props.	4½	Rio T. Zinc	17
Glaxo	35	R.H.M.	8	Town & City	3½	Welkom	55
Grand Met.	7	Rank Org. 'A'	18			West Areas	40
G.U.S. 'A'	16	Reed Int'l	25	Oils		Western M'ng	18
		Rothmans	4	Brit. Petroleum	40		
		Slater Walker	4	Burmah Oil	4½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (19)

BRITISH FUNDS (4)
Treas. 3pc 1977 — Treas. 3½pc '77-80
Treas. 3pc 1979 — Exchqr. 13¼pc '96

AMERICANS (1)
Singer

CHEMICALS (1)
Allied Colloids

STORES (1)
Rivlin (L. D. & S.)

ENGINEERING (3)
Beyer Peacock — Sdown (J.)
Bronx Eng.

FOODS (1)
Assoc. Fisheries

INDUSTRIALS (1)
Warren (Jas.)

MOTORS (1)
Arlington Motor

TRUSTS (4)
GT Japan — Stanhope General
Jersey Extnl. Pref. — Jourdan (T.)

TEAS (1)
McLeod Russel

MINES (1)
Gopeng

NEW LOWS (18)

CANADIANS (2)
Brascan — Seagram

BANKS (1)
Credit France

BUILDINGS (2)
Carron — Laing (J.) 'A'

CHEMICALS (1)
Akzo

ELECTRICALS (1)
Crossland

ENGINEERING (2)
Central Wagon — Dunford & Elliott

INDUSTRIALS (1)
Downs Surgical

TEXTILES (3)
Lever — Mackinnon

TRUSTS (4)
Danae (Cap.) — New Bridge
Prog. Secs. Inv. — Smith Bros.

MINES (2)
Hartebeest — President Steyn

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	55	8	4
Corpns., Dom. and Foreign Bonds	8	1	55
Industrials	334	155	1,229
Financial and Prop.	152	36	381
Oils	15	6	16
Plantations	5	5	35
Mines	43	30	73
Recent Issues	9	5	37
Totals	621	256	1,830

BASE LENDIN[G] RATES

Allied Irish Banks Ltd.
American Express Bank
Anglo-Portuguese Bank
Henry Ansbacher
Banco de Bilbao
Banco de Jerez
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone S.A.
Barclays Bank
Barnett, Christie Ltd.
Bremar Holdings Ltd.
Brit. Bank of Mid. East
■ Brown Shipley
Canada Permanent AFI
Cayzer, Bowater Co. Ltd.
Cedar Holdings
■ Charterhouse Japhet
C. E. Coates
Consolidated Credits
Co-operative Bank
Corinthian Securities
Credit Lyonnais
C. R. Dawes
Duboff Brothers
Duncan Lawrie
English Transcont.
First London Secs.
■ Antony Gibbs
Goode Durrant Trust
Greyhound Guaranty
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
Hawtin & Partners
■ Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Hongkong & Shanghai
Industrial Bank of Scot.
Keyser Ullmann
Knowsley & Co. Ltd.
Lloyds Bank
London & European
London Mercantile
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westminster
Northern Comm. Trust
Norwich General Trust
Portman Guaranty
P. S. Refson & Co.
Rossminster Accept'cs
Schlesinger Limited
E. S. Schwab
Security Trust Co. Ltd
Shenley Trust
Standard Chartered
Trade Development Bk.
Twentieth Century Bk.
United Bank of Kuwait
Whiteaway Laidlaw
Williams & Glyn's
Yorkshire Bank

■ Members of the Accepting Committee.
* 7-day deposits 6½%, 1-month 6¾%.
† 7-day deposits on sums of £1 under £25,000 6½%, up to £25,000 ... over £25,000 7¼%.
‡ Demand deposits 3%.
: Call deposits over £1,000 6¼%.

CORAL INDEX

Close 354-359

INSURANCE B[ASE] RATES

† Atlantic Assurance
Cannon Assurance
† Address shown under Insurance and Property Bond table.

MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

Day-to-day credit was in slightly short supply in the London money market yesterday and the authorities gave a small amount of assistance by buying a small number of Treasury bills from the discount houses and by lending a small amount overnight at Bank of England Minimum Lending Rate to one or two discount houses.

Banks carried forward surplus balances from Wednesday and the market was also helped by a fall in the note circulation. On the other hand, repayment was made of official advances to the market, settlement was made of very small sales of gilt-edged stock, and there was a net market take-up of Treasury bills.

Discount houses paid 10¾-10⅞ per cent. for secured call loans in the early part, and closing balances were taken at 8-10½ per cent.

In the interbank market overnight loans opened at 11-11¼ per cent. and eased to 10-10½ per cent., before rising to 10¾-11 per cent. In the late afternoon funds were available at 6-7 per cent.; but increased quite sharply at the close to around 11 per cent.

Short-term fixed period interest rates were slightly easier. Discount houses buying rates for three-month Treasury bills declined to 10⅜-10⅜⅜ per cent. from 10⅜⅜ per cent.

Rates in the table below are nominal in some cases.

July 1 1976	Sterling Certificates of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills ⊕	Bank Bills ⊕	Fine trade Bills ⊕
Overnight	—	6-11⅛	—	—	—	9½-10⅞	8-11½	—	—	—
2 days notice	—	—	10⅞-11⅛	—	—	—	—	—	—	—
†7 days or 7 days notice	—	10⅞-11¼	11-11⅛	—	11¼-11½	—	10¾-11	—	—	—
One month	11⅛-10⅞	11-11⅛	11-11⅛	11-10½	11⅛-11⅜	—	10¾-11	10⅞-10⅞	11	11¾-11½
Two months	11⅛-11	11-11¼	—	11-10½	11¼-11¾	—	10¾-10⅞	10⅞-10⅞	11-10⅞	11¾-11½
Three months	11⅛-11⅛	11⅛-11⅛	11¼-11⅜	11-10½	11¼-11¾	—	10¾-10⅞	10⅞-10⅞	10⅞	11¾-11½
Six months	11⅞-11⅛	11⅛-11⅜	11⅜-11½	11-10½	11½-12	—	—	—	10⅞-10⅞	11¾-11½
Nine months	11⅞-11⅞	11⅞-11⅞	—	11⅝-11¼	11½-12	—	—	—	—	—
One year	11⅞-11⅝	11⅝-11¾	11⅞-12	12-11½	11⅞-12¼	—	—	—	—	—
Two years	—	—	12⅛-12¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 13-13¼ per cent.; four years 13¼-13½ per cent.; five years 13½-13¾ per cent. ⊕ Bank bill rates in table are buying rate for prime paper; buying rates for four-month bank bills 10 15/16 per cent.; four-month trade bills 11-11½ per cent. Approximate selling rate for one-month Treasury bills 10½-10 17/32 per cent.; two-month 10 15/16-10½ per cent.; and three-month 10 27/32 per cent. Approximate selling rate for one-month bank bills 10¾ per cent.; two-month 10¾-10 13/16 per cent.; and three-month 10¾-10 13/16 per cent.; for one-month trade bills 11½-11¾ per cent.; two-month 11½-11¾ per cent.; and three-month 11½-11½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11 per cent. from July 1, 1976. Clearing Bank Deposit Rate for small sums of seven days' notice 6½ per cent. Clearing Bank Base Rate for lending 10½ per cent. Treasury Bill average tender rate of discount 10.9919 per cent.

AUTHORISED UNIT TRUSTS

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is reproduced below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish Exchange.

							IRISH		
[illegible] Ins. 20p	38		Higsons Brew.	93			Conv. 9% '80/82	£87	
[illegible] Spinning	34		I.O.M. Stm. £1	135	+2		Alliance Gas	52	-2
[illegible]	24		Holt (Jos.) 25p	235			Arnott	225	
[illegible] 50p	135		Kleen-e-Ze	33			Carroll (P.J.)	105	+2
[illegible]	30		Lovell's Ship £1	105			Clondalkin	46	
[illegible] £1	350		N'thn. Goldsmith	90	+4		Concrete Prods.	98	
[illegible]	17	-1	P.M.A.	40			Helton (Hldgs.)	23	
[illegible] & McNish	60		Pearce (C. H.)	85			Ind. News	40	
[illegible] 10p	23		Peel Mills	14			Ins. Corp.	160	
[illegible]	11		Robb Caledon £1	6			Irish Distillers	50	
[illegible] Forge	48		Sayers 12½p	13			Irish Ropes	90	
[illegible]	16½		Sheffield Brick	80			Jacob	63	
[illegible] 50p	152½		Sheff. Refrshmt.	140			Sunbeam	21	
[illegible]	315		Shiloh Spinn.	25			T.M.G.	42½	
[illegible]	8		Sindall (Wm.)	50			Unidare	70	

FOOD PRICE MOVEMENTS

	July 1 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton†	870	910	910
British A.1 per ton†	850	880	880
Irish Special per ton†	830	870	870
Polish A.1 per ton†	—	—	—
Ulster A.1 per ton†	850	870	870
BUTTER (packet)			
NZ per 20 lbs†	9.24- 9.32	9.24- 9.32	9.20- 9.26
English per cwt†	49.84	49.84-50.81	51.83
Danish salted per cwt†	53.30-55.30	53.30-55.30	53.83-55.33
CHEESE†			
English cheddar rindless per tonne	950.79	950.79	950.79
NZ per tonne	872.5	872.5	872.3
EGGS*			
Home-prod. Standard	2.35- 2.55	2.50- 2.80	—
Large	2.70- 3.00	3.10- 3.35	—
	July 1 per pound	Week ago per pound	Month ago per pound
BEEF			
Scottish killed sides (ex KKCF)	40.0—44.0	41.0—45.0	40.5—44.0
Eire forequarters	23.0—28.0	29.0—31.0	30.0—31.0
Argentine chilled rumps	—	—	—
LAMB			
English	40.0—42.0	38.0—42.0	44.0—48.0
NZ PLs-PMs	33.0—39.5	33.5—39.5	36.5—40.0
PORK (all weights)	24.0—34.0	26.0—35.0	28.0—37.5
MUTTON			
English ewes	16.0—18.0	16.0—18.0	18.0—22.0
POULTRY			
Broiler chickens	28.0—29.0	26.5—29.0	26.0—27.0

* London Egg Exchange price per 120 eggs. † Delivered. For delivery July 3-July 10.

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

Prices do not include $ premium, except where indicated and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	1976 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99½	92⅞	Treasury 6½pc 1976‡‡	99⅛	+⅛	6.54	10.77
99⅝	98⅝	Victory 4pc 1976‡‡	98⅝		4.04	—
101½	99⅛	Treasury 10½pc 1976‡‡	100⅛		10.49	10.34
98⅞	95⅛	Treasury 6¾pc 1977‡‡	97⅛	+⅛	6.42	10.22
97¼	94½	Electric 3pc 74-77	96⅝	+⅛	3.10	8.00
103⅛	92⅞	Treasury 11½pc '77‡‡	100⅞	+⅛	11.42	10.79
95⅛	91⅞	Treasury 3pc '77‡‡	95⅛	+⅛	3.16	6.81
95⅝	92¼	Transport 4pc 72-77	95⅝	+⅛	4.18	7.18
99⅛	90½	Treasury 9pc 1978‡‡	96⅞	+⅛	9.29	11.02
101½	97	Treasury 10½pc '78‡‡	99⅞	+⅛	10.54	10.72
93⅝	89⅝	Exchequer 5pc 76-78‡‡	92½	+⅛	5.40	8.74
103½	97⅞	Treasury 11½pc '78‡‡	100⅞	+⅛	11.44	11.22
88⅞	83⅝	Treasury 3pc '79‡‡	85⅞	+¼	3.33	6.91
89⅝	73¾	Electric 4¼pc 74-79	89⅛	+⅛	4.76	8.10
100⅛	94⅞	Treasury 10½pc '79‡‡	97⅝	+⅛	10.75	11.33
88¼	83⅝	Electric 3½pc 76-79	88¼	+⅛	3.97	7.50
96½	90¼	Treasury 9pc 1980‡‡	93⅛	+⅛	9.66	11.31
96½	91¼	Treasury 9½pc '80‡‡	93⅝	+⅛	10.15	11.57
66⅝	62¼	Treasury 3½pc 77-80	66⅛	+⅛	4.05	7.55
89½	71	Funding 5¼pc 78-80‡‡	89⅝	+⅛	5.87	8.46
103¼	96⅛	Treasury 11½pc 1981	99⅛	+⅛	11.53	11.58
85	79	Treasury 3½pc 1979-81	83⅞	+⅛	4.17	7.71
95⅝	90½	Treasury 9¾pc 1981‡‡	92½	+⅛	10.55	11.97
		Five to Fifteen Years				
94½	86	Treasury 8¼pc '80-82‡‡	88½xd	+¼	9.61	11.37
107¾	99⅝	Treasury 12pc 1983‡‡	102⅝	+¼	12.11	12.18
81⅛	73¼	Funding 5½pc '82-84‡‡	77xd	+¼	7.12	9.85
87⅝	79⅝	Treasury 8½pc '84-86‡‡	82xd	+¼	10.34	11.54
74⅞	67⅞	Funding 6½pc '85-87‡‡	70	+¼	9.43	11.61
77⅝	71	Treasury 7¾pc '85-88‡‡	72¾xd	+¼	10.63	12.18
51¼	45⅝	Transport 3pc '78-88	49xd	+¼	6.12	10.62
59¾	52¼	Treasury 5pc '86-89	55⅝	+¼	9.16	11.88
103¾	93¾	Treasury 13pc 1990‡‡	95¾xd	+¼	13.51	13.62
75⅞	68	Treasury 8¼pc 87-90‡‡	70½	+¼	11.77	12.92
60	53⅛	Funding 5¾pc '87-91‡‡	55⅞xd	+¼	10.55	12.61
		Over Fifteen Years				
100½	87½	Treasury 12½pc '92‡‡	92⅝xd	+¼	13.66	13.80
98½	85¾	Treasury 12½pc '93‡‡	90⅜xd	+¼	13.77	13.93
58	50⅝	Funding 6pc 1993‡‡	53⅝	+¼	11.57	13.10
75⅞	66⅛	Treasury 9pc '94‡‡	70⅛	+¼	13.04	13.62
36½	32½	Gas 3pc '90-95	33⅞	+⅛	8.99	11.99
100	87⅞	Treasury 12¾pc '95‡‡	93	+⅜	13.96	14.04
75⅞	66⅛	Treasury 9pc '92-96‡‡	70½	+¼	13.27	13.77
95	92⅞	Exchequer 13¼pc '96‡‡	95	+⅜	14.06	14.12
36½	31	Redemption 3pc 1986-96	33¼	+⅛	9.09	11.72
102½	88	Treasury 13¼pc '97‡‡	93⅝xd	+⅜	14.04	14.10
70⅛	64⅛	Treasury 8¾pc 1997‡‡	65½	+⅛	13.36	13.78
57⅞	50½	Treasury 6¾pc '95-98‡‡	53⅝	+⅛	12.86	13.59
76	65½	Treasury 9½pc 1999‡‡	69⅞xd	+⅜	13.53	13.83
31½	27¼	Funding 3½pc '99-04	29	+⅛	12.02	12.98
65	56¾	Treasury 8pc '02-06‡‡	60⅝	+⅜	13.63	13.78
46½	39⅝	Treasury 5½pc '08-12‡‡	42⅝	+¼	13.45	13.59
60⅞	52¼	Treasury 7¾pc '12-15‡‡	56xd	+¼	13.71	13.76
		Undated				
30⅜	26⅝	Consols 4pc	27⅞xd	+⅛	14.16	—
27⅞	24⅝	War Loan 3½pc‡‡	26	+⅛	13.62	—
27⅞	25¼	Conv. 3½pc '61 Aft.	27½	+⅛	13.21	—
23¼	20⅝	Treasury 3pc '66 Aft.	21⅞	+⅛	14.18	—
19⅝	17	Consols 2½pc	18½xd	+⅛	13.78	—
19½	16⅞	Treasury 2½pc	18⅛	+⅛	14.29	—

**INTERNATIONAL BANK

1976 High	1976 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99¼	98⅛	5pc Stock 1976	99⅛		8.02	10.18
73	68½	5pc Stock '77-82	72¼		7.04	11.74

**CORPORATION LOANS

1976 High	1976 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
89¼	84½	Birm'ham 9½pc '79-81	85½xd	+½	10.71	12.99
97½	87½	Bristol 6½pc '76-77	97⅛		6.68	11.35
94½	89½	Essex 5½pc '76-77	94½xd	+¼	5.82	11.46

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 45¼% (based on $1.7383 per £)

Conversion factor 0.6665 (0.6670)

CANADIANS

1976 High	1976 Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
13⅛	10⅞	Bk. Montreal $2	12¾	−⅛	$1.00	—	4.5
35⅝	29⅛	Bk. Nova Scot. $2	32⅛	−¼	$1.60	—	2.8
43¼	33¼	Bell Canada 25c	39⅞xd		$3.44	—	4.9
23⅝	12	Bow Valley‖	19	−⅛	10c	—	0.3
990p	820p	Brascan‖	820p	−8	s$1.00	—	6.9
29⅛	19⅛	Can. Imp. Bk. $2	20⅛	−⅛	$1.28	—	3.6
16⅛	10⅝	Can. Pacific $5	14⅝	+⅛	84½c	—	3.2
29⅝	26½	Do. 4pc Deb. £100	28	+¼	4%	—	14.3
37⅞	21⅝	Gulf Oil Can.‖	25xd		$1.00	—	2.3
670p	490p	Hawker Sid. Can.‖	490p		36c	—	4.2
31¼	22	Hollinger $5	31½	+⅛	$1.80	—	3.3
18	12⅝	Hudson's Bay‖	16⅝		60c	—	2.1
34⅝	26⅝	Hud. B. Oil G. $2½	32¾	−⅛	$1.40	—	2.4
22¼	17	Imperial Oil‖	19⅝		80c	—	1.2
31¼	19½	Inco	28¾	−⅛	$1.40	—	2.8
820p	660p	Int. Nat. Gas $1	770p		80c	—	5.9
25½	16	Massey Ferg.‖	23¼		$1.00	—	2.4
27⅝	20¼	Pacific Pet. $1	26	−¼	80c	—	1.7
36½p	24p	Place Gas $1	33p	−1	—	—	—
29⅛	22⅞	Rio Algom	28⅝xd	−⅛	$1.00	—	2.0
25⅛	20⅛	Royal Bk. Can. $2	22⅛	−⅛	$1.28	—	3.2
25¼	20⅛	Seagram Co. C$1	20⅛	−⅛	80c	—	2.2
16⅞	13⅛	Tor. Dom. Bk. $1	14⅛	−⅛	70c	—	2.8
11	830p	Trans. Can. Pipe $3½c	968p		88c	—	0.1
790p	680p	White Pass	735p		‡35c	—	2.7

S.E. List Premium 45¼% (based on $1.7383 per £)

BANKS AND HIRE PURCHASE

1976 High	1976 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
250	195	Alexanders D £1	230	+10	11.67	—	7.8	—
£110	£89	Algemene Fl.100	£90		Q21%	♦	4.2	♦
490	355	Allen Harvey £1	375	+15	25.0	—	10.3	—
128	93	Allied Irish	98		Q6.89	—	7.0	—
60	38	Anglo Contnl.	48		—	—	—	19.3
195	145	Arbuthnot L. £1	160xd		8.28	—	8.0	—

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
710	350	Blyvoor 25	410xd	−10	Q75c	ϕ	10.8
£14	785	Buffels R1	809	−10	Q125c	ϕ	9.3
198	95	Deelkraal R0.20	130	−10	—	—	—
760	315	Doornfontein R1	315xd	−15	Q55c	ϕ	10.4
965	640	East Drie R1	669xd	−15	Q75c	1.7	6.7
280	160	Elandsrand Gld. 20c	190	−5	—	—	—
190	105	Elsburg R1	108xd	−2	‡Q32c	1.0	‡
£16½	£10¾	Hartebeest R1	£10¾xd	−¼	Q190c	ϕ	10.5
695	420	Kloof Gold R1	420xd	−20	Q47c	ϕ	6.6
760	400	Libanon R1	426xd	−16	Q80c	ϕ	11.3
740	335	Southvaal 50c	490	…	Q8c	1.3	1.0
245	140	Stilfontein 50c	162	−3	‡Q36c	2.2	‡
£20½	£13	Vaal Reefs 50c	£13¼xd	−½	‡Q115c	2.1	‡
420	170	Venterspost R1	178xd	−7	‡Q70c	1.9	‡
£35	£17½	W. Drie R1	£17½xd	−½	Q335c	ϕ	11.3
315	165	Western Areas R1	170xd	−5	‡Q52c	1.4	‡
£15¼	800	Western Deep R2	800xd	−25	‡Q197c	1.6	‡
290	190	Zandpan R1	205xd	−10	Q31½c	ϕ	9.0

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
170	75	Free State Dev. 50c	100	…	Q14c	1.6	8.3
£22½	£11¾	F.S. Geduld 50c	£11¾	−¼	‡Q330c	1.3	‡
200	57	F.S. Saaiplaas R1	160	…	26c	ϕ	2.2
465	295	Harmony 50c	355	−5	Q65c	ϕ	10.9
195	70	Loraine R1	103	+1	Q6c	0.5	3.5
£18½	950	Pres. Brand 50c	£11¾	−¼	‡Q250c	1.3	‡
£13	640	Pres. Steyn 50c	640	−30	‡Q125c	2.2	‡
£23	£11¾	St. Helena R1	£11¾	−¼	‡Q250c	1.3	‡
174	86	Unisel	116	+2	—	—	—
330	220	Welkom 50c	220	−10	‡Q55c	1.7	‡
£25½	£14	W. Holdings 50c	£16½	−½	‡Q475c	1.2	‡

FINANCE

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
535	315	Ang. Am. Coal 50c	460	+5	MQ38c	2.9	4.9
375	235	Ang. Amer. 10c	270	−5	Q33c	1.9	7.2
£28¾	£17	Ang. Am. Gold R1	£17xd	−½	‡Q260c	1.3	‡
£13¼	850	Ang.-Vaal 50c	£11	…	Q105c	ϕ	5.8
199	118	Charter Cons.	156	+7	6.76	2.4	6.7
220	146	Cons. Gold Fields	172	+2	g7.37	4.3	6.6
23½	15	East Rand Con. 10p	15xd	…	1.0	ϕ	10.3
330	185	Geduld Inv. R1	260	…	Q40c	1.5	9.1
£25	£15½	Gen. Mining R2	£15¼	−¼	Q210c	2.1	7.9
£22½	£14½	Gold Fields S.A. 25c	£15¼	…	Q225c	1.3	8.4
£24	£11½	Jo'burg Cons. R2	£17½	−¼	Q165c	2.5	5.6
380	200	Middle Wit 25c	290xd	+10	Q35c	ϕ	7.2
250	168	Minorco SBD1.40	228	…	‡Q14c	—	‡
160	85	New Wit 50c	105	…	Q20c	1.5	11.3
£12¾	770	Patino NV Fls.5	£11⅓	…	QC40c	10.5	1.1
810	480	Rand Selection 50c	490xd	…	‡Q75c	1.5	‡
•543	449	Selection Trust	465xd	+5	15.2	ϕ	5.0
230	135	Sentrust 10c	185xd	…	Q30c	ϕ	9.6
66	45	Silvermines 2½p	54	−1	3.0	ϕ	8.8
175	95	SW Africa 20p	175	…	†17.87	2.0	15.7
£12½	700	Tvaal Cons. Ld. R1	£10	…	Q65c	2.0	2.6
310	170	U.C. Invest R1	210	…	Q36c	1.0	10.2
465	245	Union Corpn. 6 25c	295	…	Q42c	1.4	8.4
90	45	Vogels 2½c	70	…	Q6½c	1.2	5.5

DIAMOND AND PLATINUM

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
£32½	£17½	Anglo-Am. Inv. 50c	£22½	+1¼	Q244c	1.6	6.7
122	68	Bishopsgate Plt. 10c	108	−2	Q6.5c	ϕ	3.5
335	198	De Beers Df. 5c	216	+1	Q20c	2.2	7.7
£14	850	Do. 40pc Pf. R5	£11½	−½	Q200c	ϕ	10.3
128	69	Lydenburg 12½c	106	−2	†Q2.9c	1.5	1.6
207	108	Pot. Plats 2½pc	158	−4	ϕ†Q5c	1.0	1.9
169	90	Union Plat. 10c	150	−3	†Q4.9c	1.0	2.0
176	88	Waterval 5c	153	−4	ϕ†Q5.2c	1.0	1.9

CENTRAL AFRICAN

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
165	70	Coronation 25c	82	…	‡Q34c	2.1	‡
127	85	Falcon Rh.50c	110	…	‡Q35c	1.3	—
19	11	Rhod'n Corp. 16½p	12	…	0.56	6.0	7.2
195	135	Roan Cons. K4	165	…	‡Q16.0	4.7	‡
175	140	Tanganyika 50p	147	+3	Q10.0	ϕ	5.8
68	65	Do. Pref. 80p	68	…	Q7	16.0	11.1
48	25	Wankie Col. Rh.1	32	…	†Q6½c	1.3	10.0
46	24	Zam.Cpr. SBD0.24	29	…	QU54c	3.2	7.1

AUSTRALIAN

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
26	18	Acmex 25c	24	…	—	—	—
215	132	A. M. and S. 50c	203	+1	Q7c	ϕ	2.2
156	96	Bougainville 50c	146	+4	Q10c	ϕ	4.5
203	145	BH South 50c	184	+2	—	—	—
75	30	C.M. Kalgoorlie $1	40	…	—	—	—
82	58	Hampton Areas 5p	72	…	1.18	4.2	2.5
86	38	Metals Ex. 50c	78	+2	—	—	—
20	13	Metramar 20c	17	+1	—	—	—
294	200	M.I.M. Hldgs. 50c	268	+5	‡Q10c	1.8	‡
205	70	Mount Lyell 25c	90	…	‡Q5c	2.4	‡
2½	2	Newmetal 10c	2½	…	—	—	—
183	136	North B. Hill $1	183	…	Q9c	1.4	3.2
9	5	Nth. Kalgurli	5	…	—	—	—
98	65	Oakbridge $A1	94	+1	‡Q8c	1.3	5.6
35	14	Pacific Copper 25c	32	…	—	—	—
£19½	725	Pancont'l 25c	£14½	+½	—	—	—
16	9	Paringa M&E 5p	15	+½	—	—	—
615	430	Peko-Wallsend 50c	560	+10	Q15c	ϕ	1.7
290	140	Poseidon 20c	285	+5	—	—	—
13	9	Vulcan Mtn. 50c	10	…	—	—	—
9	4	Westmex 10c	7	…	—	—	—
•193	127	Westn. Mining 50c	171	+8	‡Q6.9c	0.0	‡
60	36	Whim Creek 20c	55	…	—	—	—

TINS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
45	28	Amal. Nigeria	40	…	5.62	1.6	21.6
265	160	Ayer Hitam	256	+7	†17.0	1.0	7.8
30½	17	Berali Tin	28	…	1.75	ϕ	10.0
405	315	Berjuntai SM25	390	…	QSM15	ϕ	7.9
18	13	Ex Lands 10p	13xd	…	1.0	ϕ	11.6
240	155	Geevor	240	+15	‡12	2.3	‡
14	10	Gold & Base 12½p	10	…	—	—	—
240	170	Gopeng Cons.	240	+5	‡11.0	1.3	‡
78	64	Hongkong	78	…	—	—	—
70	56	Idris 10p	66	…	7.15	ϕ	16.7
7½	6	Jantar 12½p	7	…	—	—	—
42	31	Kamunting 15p	38	+2	‡7.0	1.2	‡
245	135	Killinghall	245	…	Q50.0	1.2	20.4
177	147	London Tin 20p	172	+1	ϕ7.47	ϕ	6.7
228	168	Malay Dredging	205	+3	10.7	2.0	6.0
38	20	♦Pahang	27ϕ	…	‡Qh2.6	ϕ	‡
55	40	Pengkalen 10p	45	…	‡7.0	1.5	‡
123	104	Petaling SM1	122	+5	—	—	—
43	19	Saint Piran	40	…	2.25	ϕ	4.9
100	64	South Kinta 10p	78	+3	‡9.5	1.5	‡
193	105	Sthn. Malayan	165	+3	10.7	0.9	10.0
45	31	Sungei Besi 20p	42	+2	—	—	—
37	29	Sungei Way SM1	34	+4	ZQ10	—	5.1
48	40	Tanjong 15p	48	…	4.0	0.9	14.9
52	40	Tongkah Hrbr SM1	65	+2	‡Q25%	0.6	‡
109	58	Tronoh	107	+3	4.29	2.0	6.2

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
85	42	Botswana RST P2	57	+2	—	—	—
335	170	Messina R0.50	270	+5	†Q35c	1.9	7.3

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
10	8	Burma Mines 17½p	8½	…	0.1	ϕ	2.0
39½	23	Charterhall 5p	27½	+½	—	—	—
965	580	Cons. Murch. 10c	830xd	+30	†Q80c	1.8	5.4
55	28	Laurasia	35	+2	—	—	—
455	245	Northgate C$1	350	…	—	—	—
239	178	R.T.Z.	217	+4	5.42	2.1	3.8
112	83	Sabina Inds. C$1	87	+1	—	—	—
£15⅞	£10	Tara Explo. $1	£14½	−⅛	—	—	—
90	65	Tehidy Minerals 10p	87	+2	2.17	ϕ	3.8
142	84	Yukon Cons. C$1	140	…	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures: they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution: bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ǁ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✠ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 13

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security.

FINANCIAL TIMES

Friday July 2 1976

Sterling tops $1.79 before profit-taking

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE POUND rose sharply again yesterday in an active market and is now nearly 1¾ cents higher than at the beginning of the week.

At one stage sterling rose 85 points to $1.7935 before slipping back at the close on profit-taking to finish 40 points higher at $1.7890.

The weighted depreciation narrowed 0.3 to 38.5 per cent., the best level for five weeks.

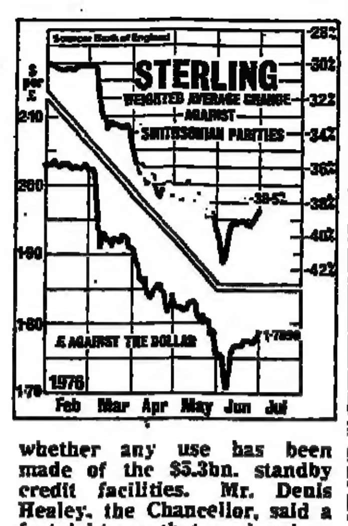
Dealers regarded as especially significant the strength of commercial demand which appeared from some countries, particularly during the afternoon.

The rise for once does not appear to have owed anything to intervention by the authorities because the fall in Euro-sterling rates suggests an easing of pressures on the forward market.

There is considerable caution about attempting to project the length and extent of the rally, especially with last month's official reserve figures due to be published this afternoon.

The reserve figures are being awaited with particular interest in the City to see how much can be gleaned about the level of official support, which was especially noticeable early in the month.

Light may also be shed on whether any use has been made of the $5.3bn. standby credit facilities. Mr. Denis Healey, the Chancellor, said a fortnight ago that no drawings had been made up till then.



The Bank of England appears to have achieved its aims of reducing the pressures on the money market. After the special assistance provided last Friday, credit conditions have become easier in the last two days—though the Bank did provide a small amount of assistance to one or two discount houses yesterday.

At last night's rates, no change in Minimum Lending Rate is expected to-day.

Lebanon battle still raging

BY IHSAN HIJAZI BEIRUT, July 1.

THE BITTER struggle for the Palestinian refugee camp of Tal al Zaatar on the outskirts of Beirut raged unabated despite the call by the Arab League for a ceasefire which the warring parties ignored.

After an eight and a-half hour session in Cairo, the Arab Foreign Ministers announced the immediate strengthening of the small joint peace-keeping force in the Lebanon by the dispatch of the Saudi Arabian and Sudanese contingents which had been waiting in Syria.

In the afternoon, the reinforcements — numbering about 1,500 in all — arrived overland and went to Beirut airport to join the nucleus of the peace-keeping force composed of Libyan and Syrian troops.

[Asked if the Arab force would attempt to stop the fighting around Tal al Zaatar, General Mohammed Hassan Ghoneim, an Egyptian who is commanding the force, said, "Of course." Reuter reported. But in answer to another question, he said: "We are not going to fight. They must respect the ceasefire."]

Supervisory

A three-man committee arrived from Cairo charged by the Arab League with supervising the ceasefire which was meant to come into effect at 10.00 this morning. Led by Mr. Mahmoud Riad, Arab League Secretary-General, it includes the Foreign Ministers of Tunisia and Bahrain, Mr. Habib Chatti and Sheikh Mohammed bin Mubarak.

Shortly after his arrival here, Mr. Riad crossed into the Christian-held district of Al Ashrafiyah where he met Mr. Pierre Gemayel, leader of the Phalangist Party, the largest of the right-wing Christian organisations. From there, Mr. Riad proceeded by road to Al Kfour near the Port of Jounieh, some 13 miles north of here, and met President Suleiman Franjieh.

There is little belief here that the Mission will be more successful than previous Arab mediations. The League has called for a round-table conference by leaders of the rival Lebanese factions to be held in Cairo soon, but Left-wing and Moslem figures here have set two main conditions before they could agree to attend—discontinuation of the Rightist offensive against Tal al Zaatar and the total withdrawal of Syrian troops from Lebanon.

The Syrians have said that they are willing to pull back from certain areas but refuse to withdraw completely until the Lebanese crisis had been settled.

On the Left and amongst the Palestinians feelings have been enflamed by the allegations about the brutality of the Right-wing fighters after the fall of Jisr al Pasha. Wafa, the Palestinian news agency, said that they have killed scores of women and children, raped girls before murdering them in cold blood attacked the wounded in the camp hospital with bayonets and rifle butts.

There was no immediate reaction to these charges from the Christian Right which claimed, however, that 40 corpses of Somalis, Egyptians and Yemenis had been found after the capture of the camp.

Emergency

Michael Tingay reports from Cairo: The all-night emergency session of Arab League foreign ministers which ended here at dawn yesterday aroused fears for the credibility and cohesion of the 22-yaer-old Arab League if it continues to take action on the Lebanon generally regarded as "too little and too late."

While Mr. Yassir Arafat, Chairman of Palestine Liberation Organisation, warned the meeting that the fall of Jisr el Pasha could trigger wild retaliation, observers at the League headquarters were struck by the irrelevance to Lebanon's fighting factions of the debate in Cairo.

None of the fighting factions exception the mainstream PLO and Syrians were represented.

Death of a City, Page 4

William Leech offer falls flat

By Terry Garrett

THE OFFER for sale by William Leech (Builders), the Newcastle-based housebuilding group, attracted application for only 42½ per cent. of the issue. The City has been looking to Leech as the first real test of the new issue market, and yesterday's result is a disappointment.

Leech's offer of 4.7m. shares at 64p each, came as only the second to the public by a company in the last 2½ years. The first new issue was Wilson Walton last month, which also fell flat with more than two-thirds of the shares left with the underwriters.

However, the poor response to Leech's offer has little relevance for the two much larger issues expected within the next few weeks.

Above £30m.

Both Hambro Life, the private insurance company controlled by Hambros, and Thomas Borthwick, the family-owned meat group, are expected to have market capitalisations above £30m. apiece against just £7½m. for Leech.

Yet while Hambro Life and Borthwick may be able to launch successfully, smaller groups of similar size to Leech, which may harbour aspirations for a stock market quote, are probably having second thoughts. As a result, the new issue market will probably remain quiet.

Dealings in Leech's shares will start on Monday, but despite the low take-up the market price is not expected to fall much below 62p. The applications almost certainly came from firm buyers rather than potential stags. So there is unlikely to be any determined selling on Monday to undermine the price.

Firm Tory line is tempered

By Richard Evans, Lobby Editor

THE Conservatives are prepared to restore normal working relations with the Government from next week but will continue to delay and obstruct all contentious Government legislation.

This means that Ministers are no better off in their attempts to get the backlog of major Bills through Parliament this session, and the prospect grows of either a long recall of Parliament in the autumn or extension of the present session until the end of the year.

The Government's business managers continue to insist that all Bills, including the aircraft and shipbuilding nationalisation measure, the Dock Work Regulation Bill, the Bill abolishing pay beds in the NHS and the Education Bill will reach the statute book this session, but Conservative leaders remain hopeful that at least one will have to be dropped.

There were growing indications last night that a guillotine resolution to restrict debating time is being considered for at least one measure now badly held up in the Commons. The most likely candidate is the Education Bill which would oblige all local authorities to present plans for Comprehensive schools.

There is no sign of the return to the Commons of the shipbuilding nationalisation measure One reason for delay is the fragile nature of the Government's overall majority, now one, but a further reason is understood to be the continuing difficulty Parliamentary draftsmen are having in excluding Marathon Shipbuilders from effects of the Bill without making it a hybrid measure for other companies.

Approval

The new pairing arrangement which comes into effect next Monday represents a victory for the Tories following their protests over the disputed vote on May 27 when the Government saved the Shipbuilding Bill by instructing a Labour Whip to vote, even though he was paired.

In future, all pairs will have to be registered by Whips on a name-for-name basis which cannot be changed without approval of both sides.

The decision, reached by the shadow cabinet, was conveyed last night to the 1922 Committee of Tory MPs and received widespread approval. But Mr. John Stradling Thomas stressed that all-out war against more contentious Bills would continue and MPs could expect many late nights throughout July.

Worried Labour backbenchers closely questioned Mr. Michael Foot, leader of the Commons, and Mr. Eric Varley, Industry Secretary, at last night's meeting of the Parliamentary Labour Party over the offer Mr. Foot made to the Scottish National Party in the closing stages of the Shipbuilding Bill debate on Tuesday. He announced that the Government would consider a separate Scottish shipbuilding organisation after nationalisation and, in consequence, Nationalist MPs abstained.

Parliament Page 10

Government cash to stimulate home shipbuilding

BY JOHN WYLES, SHIPPING CORRESPONDENT

AN INDICATION that the Government is ready to provide money to induce British shipowners to place more orders with the home shipbuilding industry was given yesterday by Mr. Eric Varley, Industry Secretary.

He was speaking after a 90-minute meeting in which union leaders uncompromisingly reaffirmed their opposition to yard closures and redundancies. However, Mr. Varley outlined some of the Government's anxieties about the difficulties of maintaining British shipbuilding at its present size against the background of a possible 66 per cent. drop in world demand for new ships by 1980.

Yesterday's meeting with Confederation of Shipbuilding and Engineering Union leaders will be followed by another in a fortnight when the Department of Industry will submit a paper on the state of the industry "without commitment." Aim of the talks is agreement on the scale of the problem and on practical remedies.

All seven members of the organising committee of British Shipbuilders, which will be responsible for the industry after nationalisation, were present at the meeting to hear union leaders stress that they regarded the British shipping industry as crucial to the future of shipbuilding.

Traditionally, 30 to 35 per cent. of British shipping's annual orders has been sufficient to fill about 70 per cent. of shipbulding capacity. But the volume of new orders placed by owners has dropped radically over the past 18 months with a much higher proportion going to the Far East where prices have been up to 30 per cent. lower than in Europe.

Mr. Dan McGarvey, president of the Boilermakers' Amalgamation, said that "all kinds of persuasions" should be used including tax concessions and financial aid comparable with that available abroad. Mr. Varley said that despite the stringent public expenditure situation, the Government accepted that "further public money will have to be provided."

This is unlikely to mean a policy of general subsidies which could clash with international agreements. Initially, it is thought likely that British Shipbuilders will be enabled to offer attractive financial packages to shipowners including joint ownership schemes.

Mr. Varley stressed that the Government had not agreed on an international level to any uniform cut in world capacity. While Japan was proposing a 62 per cent cut in output, Britain was "not committed to any equal burden sharing."

The unions had made a strong stand on this point during their talks with Mr Varley, demanding that countries which had created the present state of overcapacity during years when British output had remained stable should now take the cuts.

Scots move

In the meeting, Mr. Varley touched on the Government's undertaking in the Commons on Tuesday to see if a Scottish "entity" could be created in shipbuilding after nationalisation. He told union leaders that the commitment went no further.

The Industry Secretary discussed the matter on Wednesday with members of the British Shipbuilding organising committee who are believed to be concerned about its implications for their planned organisation for the industry.

It is understood that the Minister has been told that a number of Scottish "entities" could be created around group of companies and profit centres. If the Government went further and tried to set up a semi-autonomous Scottish unit, it could have difficulty keeping the organising committee together.

CBI reluctantly accepts changes in Price Code

BY ELINOR GOODMAN AND ADRIAN HAMILTON

THE CONFEDERATION of British Industry appears to have reluctantly accepted the broad lines of the Government's proposed Price Code changes as the best compromise.

But it is expected to repeat its call for further major changes when it sees Mrs. Shirley Williams, Secretary for Prices, again — probably next week, though it is likely to concentrate its efforts on getting improvements within the framework laid down in the consultative document piblished on Wednesday.

At a meeting of over 100 leading companies yesterday, there was unanimous support for the CBI's initial response to the changes as "totally inadequate." Some industry leaders said they doubted whether revisions would even add the £1bn. to corporate profits forecast by the Government.

Nevertheless, the CBI said it continued to support the fight against inflation. The view of its negotiators would seem to be that if the Government has not accepted the need for fundamental revisions to the code, such as the introduction for relief on working capital and a provision to reward companies for more efficient use of their labour force, in the three months of discussions which have already taken place, it is hardly likely to do so in the 14 days allowed for discussion.

In this situation, industry leaders are likely to urge the Minister to raise the proportion of investment expenditure which can be passed on in prices from the 35 per cent. figure proposed in Wednesday's document and to improve the measures designed to offset the effect of inflation on both stocks and assets.

They will also try and persuade Mrs. Williams, that something more must be done to reward improved efficiency. The Government's proposal that companies should be allowed to retain half the savings arising out of a more effective use of fixed overheads is regarded by industry as being a derisory gesture towards solving the problem.

The CBI is also likely to press for clarification on a number of points that were causing concern yesterday. There is a worry that the proposal to exclude interest payments and receipts from the list of costs which justify a price increase may have a detrimental effect on industry.

'Gas price should not go up artificially'

BY ROY HODSON

GAS PRICES should not be raised artificially with coal and electricity prices, the Government was told yesterday. A Commons Select Committee which has been examining fuel prices and methods of payment argues that the interests of the domestic gas consumer must be given due weight when setting pricing policies.

On this point the committee differs from a large strand of thinking within the Government, where it is being argued that gas from the North Sea is being sold too cheaply, and should be taxed so that it does not take an even higher share of the domestic fuel market from other fuels.

The Select Committee bases its argument for maintaining gas prices at their present low levels on what it calls "the harmful social effects" of raising the price.

Mr. Mike Thomas, Labour MP for Newcastle East, a member of the Select Committee told the Government that it must "get off its bottom" and take action within the next two months to ensure that the poor and the old shall not be deprived of home heating during the winter.

Mr. Edwin Wainwright, Labour member for Dearne Valley and chairman of the committee, said the committee wanted to make sure that no-one in Britain would suffer from lack of home heating next winter because they were short of money. "It is difficult to think of winter in the middle of a heat-wave," he said, "but we urge that steps be taken before the winter begins."

The committee stands by its previous decision that the ultimate sanction against people who do not pay their gas or electricity bills should be disconnection of supplies. However, the committee stresses that power authorities should show more sympathy towards people who find difficulty in paying.

Disconnection should be used only as a weapon of last resort said Mr. Wainwright.

authorities £25.

Editorial comment Page 16

THE LEX COLUMN

Prices—in theory and practice

Full details of the revised Price Code seemed to have very little impact on the equity market yesterday. One or two potential beneficiaries showed a spark of life — like the cement makers, or the occasional retailer such as W. H. Smith — but well under 4,000 bargains were marked for the fourth day running, and the pickup in the FT 30-Share Index during the afternoon probably had as much to do with sterling as with anything else. There was more action, in fact, in gilts, where the Government Broker was supplying both the long and the short taps, and edging his prices higher. Much of this business, however, appeared to represent switching rather than straight buying of the taps: perhaps half of each of the two stocks now remains to be sold.

Despite this tired reaction, several overnight reports from major brokers supported the view that the relaxations of the Code are indeed substantial. Phillips and Drew, drawing on recent reports of the Price Commission, calculates that industry's prices could in theory rise by 3½ per cent. as a result of the changes. This figure allows for only half the effect of allowing industry to go over to a LIFO basis for costs of materials, makes no allowance for the effective rise in reference levels because of stock relief—and is substantially lower than some other brokers are suggesting. Hoare Govett, for instance, arrive at a rise of 10 per cent. in output prices, although this looks decidedly on the high side.

On the P and D basis, profits in the U.K. market could rise by over two-thirds if all the allowances were taken up. For large companies, which typically earn half or more of their profits from overseas operations and exports, the impact is greatly diluted, coming out at around a quarter.

But it is a big step from theory to practice. The assumption of the Government must be that the domestic market will remain weak over the next year, in line with the projection that real personal disposable income will continue to decline. So although the retailers, for example, appear to be sizeable beneficiaries—from such changes as the extension of investment relief to shops, and adjustments to margin limits to reflect stock increases and changes in sales mix—competition will continue to hold down prices in the High Street. Even a group like Debenhams, which has been showing significant growth in margins recently, does not think that the changes will have any immediate impact on its business. Very few sectors have actually been in trouble with the Price Commission recently on account of "excess" profits—although the motor distributors which were singled out in the Commission's last report will presumably breathe a sigh of relief.

Price Code concession	Theoretical effect on domestic profits of industry %	Theoretic effects o[n] pre-tax pr[ofits] of larg[e] compani[es] %
30% uplift in depreciation	18	6
Replacement cost for materials (50% effective)	20	7
Extra 15% investment relief	18	6
Productivity deduction abolished	5	2
Other measures	10	3
Totals	71	24

Source: PHILLIPS AND DREW

Index rose 2.7 to 386.5

The important point, however, is that the corporate sector is now in a position to improve its margins in line with the cyclical upturn in the economy even though this may not make its full mark for many months to come. So the dull response by share prices yesterday only served to underline the market's current mood.

Granada

Granada profits are £1.64m. higher at £8.66m. pre-tax for the first 28 weeks of 1975-76, which is marginally more than April's forecast of interim growth of a fifth. The overseas rental operations are now nicely on course with a turnround out of the red worth £0.4m., but in the U.K. rental has disappointed while TV contracting is bounding ahead with profits up £1m. to £2.7m. Rental is £0.3m. (just 6½ per cent.) higher at £4.8m. with acquisitions bringing in exceptional items like branch closure and redundancy costs. And similar exceptionals could add up to £1m. following the purchase of Spectra Rentals which is lifting set numbers by 30 per cent. and widening the colour ratio from 55 per cent. to over 60 per cent. of placements.

The big turnround in over[seas] rental is over, and it is now low season for TV adverti[sing]. But Granada could still em[erge] with £17½m. pre-tax ove[rall] against £14.2m. previously; most outsiders are going [for] further profits growth in 1977, though Granada [is playing] down heavily the suggestio[n of] any major impact from the depreciation allowances w[hich] —if competitive pressures set aside—provide the [industry] industry with plenty of [scope] for widening margins. [The] shares rose 3p to 76p last [night] for a 1975-76 yield of 5½ [per] cent. which looks likely t[o be] covered over five times by [earn]ings of 10p a share.

British Sugar

British Sugar's profit esti[mates] are a month early this [year] and they come none too [soon] for a share price that has [been] showing marked relative [weak]ness lately. For 1975-76 [profits] are put at around £12m. p[re-tax] which compares with £7.6m [and] is at least £2m. more than market expectations. The [shares] rose 10p to 285p on the [day] but that still leaves them [a] quarter below their 1976 [peak] with well over half the s[lide] occurring since the beg[inning] of June. With no quic[k end] in sight to the current d[rought] condition in agricultur[e the] stock market could well [be] concerned. Crop condit[ions are] the key to BSs earning[s as] liftings take place i[n the] autumn: last year the [crop] had an ideal close to its b[eet] with output per beet mar[gin] higher in consequence. [And] while the shares yield a pr[ospec]tive 5.1 per cent. and [are] likely to be covered wel[l over] six times.

Norton in fight for better deal

A BATTLE has broken out over the scheme to de-nationalise Kearney and Trecker Marwin, considered to be the key British-owned group at the high technology end of the machine tool industry.

Strong opposition is being mounted by W. E. Norton, which has been a shareholder in Kearney and Trecker.

Returning Kearney and Trecker to the private sector would involve the Government writing off £5m it has put into the company and putting up nearly £2m. more. Control would go to the Vickers engineering group.

Mr. Walter Norton, chairman of Norton, a machine tool merchanting group, said last night: "We are not opposed to Vickers taking over but to the totally unrealistic prices offered for the KTM shares.

"Appropriate action will be taken to protect our investment."

This has amounted to £820,000 since 1942, but half has since been written off. The last Norton accounts showed total group reserves of around £450,000 against the £412,000 written-down value of the KTM interest.

Approved

This week the de-nationalisation scheme was approved by various classes of shareholders in KTM by substantially over the 75 per cent. majorities required.

Norton could not make much headway at those meetings because its remaining interest after two major restructurings and capital injections is through a holding company in which the Department of Industry and the Industrial and Commercial Finance Corporation are the major shareholders.

But the scheme has two more hurdles to clear. First there must be House of Commons approval, because more than £5m. of State cash is involved. Then, on July 26, comes a High Court hearing which could give Norton the forum it needs to state its objections.

Weather

U.K. TO-DAY

DRY and sunny. Some showers in the North.

London, Midlands, N.W. and Cent. N. England

Dry and sunny. Wind S.E. moderate. Very hot. Max. 31C (88F).

S.E. England, E. Anglia

Dry and sunny. Max. 31C (88F).

Cent. S., S.W. England, Channel Is., Wales

Sunny, thundery showers. Max. 31C (88F).

Lakes, I. of Man, S.W. Scotland

Dry and sunny. Max. 28C (82F).

E., N.E. England

Dry. Sunny spells. Coastal fog patches. Max. 28C (82F).

Glasgow, Cent. Highlands

Cloudy. Thundery showers later. Max. 23C (73F).

Rest of Scotland

Sunny spells. Thundery showers. Max. 27C (81F).

Outlook: Little change.

Lighting-up: London 21.55, Manchester 22.16, Glasgow 22.42, Belfast 22.40.

Pollen count: 51 (high). Forecast: similar.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	F	28	82	Luxembrg	S	30	86
Amsterdam	S	24	75	Madrid	F	26	79
Athens	S	32	90	Manchestr	S	27	81
Barcelona	S	26	79	Melbourne	F	9	48
Belfast	S	24	75	Milan	S	30	86
Belgrade	S	28	82	Montreal	C	23	73
Berlin	S	26	79	Moscow	R	13	55
Birminghm	S	28	82	Munich	S	27	81
Bristol	S	29	84	Newcastle	S	22	72
Brussels	S	30	86	New York	S	24	75
Budapest	S	28	82	Oslo	S	22	72
B. Aires	S	15	59	Paris	S	33	91
Cardiff	S	28	82	Perth	R	16	61
Cologne	S	32	90	Prague	S	28	82
Copenhagn	S	20	68	Reykjavik	R	10	50
Dublin	S	23	73	Rome	S	26	79
Edinburgh	S	20	68	Strasbourg	S	32	90
Frankfurt	S	32	90	Sydney	R	12	54
Geneva	F	28	82	Tehran	S	34	93
Glasgow	S	22	72	Tokyo	C	18	65
Helsinki	S	19	66	Vienna	S	28	82
Lisbon	S	25	77	Warsaw	F	25	77
London	S	27	81	Zurich	S	29	84

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	27	81	Istanbul	F	26	79
Algiers	C	25	77	Jersey	S	30	86
Biarritz	S	30	86	Las Palmas	S	24	75
Blackpool	S	29	84	Locarno	S	29	84
Bordeaux	F	31	88	Majorca	S	27	81
Boulogne	S	30	86	Malaga	S	26	79
Casablnca	C	24	75	Malta	F	26	79
Corfu	S	31	88	Naples	S	27	81
Dubrovnik	R	26	79	Nice	S	27	81
Faro	F	26	79	Nicosia	S	28	82
Florence	S	30	86	Oporto	F	20	68
Funchal	F	23	73	Rhodes	S	30	86
Gibraltar	S	25	77	Salzburg	S	27	81
Guernsey	S	24	75	Tangier	S	24	75
Innsbruck	S	30	86	Tenerife	S	20	68
Inverness	S	23	73	Tunis	S	27	81
Isle of M.	S	21	70	Valencia	F	27	81

C—Cloudy. R—Rain. S—Sunny. F—Fair.

Registered at the Post Office. Printed by St. Clements Press Ltd. for and by the Financial Times Ltd., Bracken House, Cannon Street, London E[C4P 4BY]
H